

COUNTRY COMMERCIAL GUIDE for U.S. Companies

2015

Doing Business in CROATIA



U.S. Commercial Service

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Doing Business in Croatia: 2015 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Croatia

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Market Overview

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With Croatia's EU Accession on July 1, 2013, the need for product double-testing and customs clearances when distributing goods and services between EU countries and Croatia has been eliminated. U.S. companies already exporting to the EU now have an additional market opportunity, accessible without any further administrative burden. Also, significant EU funding has become available to support a variety of development projects in Croatia, creating numerous opportunities for U.S. companies.

Croatia is a small and complex market, but plays an important role in the economic and political stability of Southeast Europe. This region, the size of Texas in area, represents a market of roughly 60 million people and over \$600 billion in GDP. It has significant growth potential, as its integration process into the European Union continues and as local populations strive to achieve the lifestyle of the more developed Western European countries that have three-four times higher GDP per capita.

Croatia is in an excellent geographic position to serve as a regional hub for U.S. companies. Zagreb, its capital, is only about a four-hour drive away to Vienna, Venice, Budapest, or Belgrade, and only a two-hour drive from the beautiful Adriatic coast. Croatia has excellent roads, sound ICT infrastructure, and a competitive white-collar workforce. The quality of life in Croatia is very high: it is a safe country, with tasty food, well-preserved nature, a mild climate, and abundant historical sites and other tourist attractions.

Unfortunately, Croatia has not fully completed the transition to a market economy. A socialist mindset still prevails in parts of Croatian society. The income of the majority of Croatians still comes from the government budget, social insurance, or public monopolies, not from revenues of truly competitive companies that operate strictly on market-based principles. So, any reforms that address public overspending, corruption, or bureaucratic and judicial inefficiency usually face strong resistance from the privileged majority, and can take a long time to implement.

Fortunately, there is also a growing number of vibrant, innovative entrepreneurs leading small-and-medium-sized, sophisticated, and internationally-competitive companies across many industry sectors in Croatia. These companies have strong potential to grow, and could become the locomotive of the Croatian economy and the catalyst in the transformation of Croatian society. As they tend to buy state-of-the-art, cost-effective equipment and technology, they also represent excellent potential partners for U.S.

suppliers already present in the European market, adjusted to the EU technical and safety standards and providing after-sales services from locations in or near Croatia.

Market Challenges

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Croatia is a developing economy and, despite significant progress in economic and administrative reforms since its independence in 1991, problems remain. These include a judiciary plagued by case backlogs and a lack of expertise in commercial affairs, an overly complex and sometimes non-transparent bureaucracy, the country's relatively high costs, and both real and perceived issues of corruption. Companies that face disputes with Croatia's tax authority often need years to resolve them.

Despite the Regulation Impact Assessment Law adopted in 2011, many government agencies still avoid consulting with the public or preparing impact assessment studies prior to proposing any new legislation or changes to legislation. These changes are frequent, making long-term business planning a major challenge. Overall, the business and investment climate in Croatia is considered difficult, requiring caution and patience for success by foreign companies.

U.S. firms entering this market must contend with a typically mature market with well established, mainly European, competition. The Croatian consumer is discriminating and will consider many factors beyond brand loyalty in purchasing decisions.

Market Opportunities

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As Croatia fully integrates into the European Union, business opportunities will grow for U.S. companies positioned to assist in modernization of infrastructure, deployment of environmentally friendly energy technologies, and information and communication networking technology. New opportunities will emerge for franchisers, manufacturers of consumer goods, and for travel and tourism marketers. Croatia's physical beauty and natural resources also provide opportunity to firms capable of developing resort and spa destinations and maritime tourism. The Croatian government is actively looking for ways to lengthen the tourist season and expand the variety of destinations and entertainment options.

The current government has pledged to reduce barriers and foster development in Croatia's most promising industry sectors -- particularly information technology, electrical equipment, machinery, and pharmaceuticals. The government has also indicated woodworking and food-processing as strong sectors having significant development potential.

Croatia is committed to attracting investors to help upgrade and modernize public facilities and services. The EU has allocated a budget of over eight billion Euros from its Structural and Cohesion Funds to help finance infrastructure development projects in Croatia for the period 2014-2020. Lacking its own financial and technology resources, Croatia will also depend heavily on foreign investors and equipment/service suppliers to execute these projects. The key ongoing major projects include off-shore and on-shore oil & gas exploration, development of Zagreb and Dubrovnik airports and Rijeka port, Rijeka-Budapest railway modernization, construction of the LNG terminal on the Island of Krk, construction of the Peljesac Bridge, Schengen border control upgrades, and a variety of IT and technical modernization projects in the public sector.

Because the Croatian market is fairly sophisticated, businesses considering entry should plan well and consider:

- The price sensitive nature of consumer demand in Croatia;
- A judicious selection of one of three low-risk entry strategies: representation, agency or distributorship. (Note that a Croatian agent or distributor is preferable to a “European office” due to the difficulty of the language and other idiosyncratic market factors);
- After-sales service, follow-up and training are essential;
- The entrenched bias of a conservative market that sticks to known suppliers and therefore requires sustained market development; and
- Croatia’s position as the pre-eminent stepping-stone for developing most sectors in southeast Europe.

In addition to this Country Commercial Guide, the U.S. Commercial Service office in Zagreb offers many services designed to assist you in developing your market entry strategy and to facilitate your business experience in Croatia. For a detailed description of these services please visit: <http://export.gov/croatia/ourservices/index.asp>.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3166.htm>

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Using an Agent or Distributor

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When appointing a Croatian distributor, U.S. exporters should take care to find out if the distributor handles a competing product. In Croatia's competitive marketplace, it is essential that the U.S. exporter provide adequate servicing, spare parts, and components, as well as qualified personnel capable of handling service inquiries. In most cases, after-sales service should be available locally since potential delays often lead purchasers to seek alternative suppliers. Often funds for product marketing need to be provided by the U.S. company in order to ensure wide promotion and distribution of goods.

The U.S. Commercial Service has found that the most successful ventures by U.S. companies in Croatia are those where there has been thorough market research prior to engaging in a search for agents or distributors. U.S. exporters should carefully investigate the reputation and financial references of a potential agent or distributor and establish a clear agreement delineating the responsibilities of both the exporter and the agent.

The U.S. Commercial Service in Croatia offers a number of business facilitation services, including market research, appointment setting and background checks on potential business partners. For a full list of the services offered please visit: <http://export.gov/croatia/>.

For additional information, please e-mail the U.S. Commercial Service office at: office.zagreb@trade.gov.

An excellent first stop for information on establishing a Croatian company is the “Hitro” office (www.hitro.hr), established by the Croatian government to assist citizens and businesses in communicating with government entities. The Croatian Companies Act regulates the establishment and organization of business entities in Croatia. All firms must register according to the Court Register Act and the Rules of Court Register Entry Procedures. The most common types of companies in Croatia include:

Private Limited Company (d.o.o.)

Private limited companies are the most common type of company in Croatia. It is one in which one or more legal entities or natural persons invest in initial authorized stakes, with which they participate in the total authorized capital as contractually set beforehand. Owners may be domestic or foreign legal entities and natural persons. Company assets are strictly separated from the property of owners. The company is liable for its debts with all its assets. The initial authorized capital of a private limited company must be shown in Croatian currency – Kuna (HRK). The minimum amount of initial authorized capital may not be below HRK 20,000.

Public Limited Company (d.d.)

A public limited company is based on capital, with owners (shareholders) investing in authorized capital divided into shares. The company is liable for its debts with all its assets. Shareholders are not liable for the debts of the company. The basic document for a public limited company is the articles of association, as it specifies the internal organization of the company. Authorized capital and shares must show par value in the currency of the Republic of Croatia. The minimum amount of authorized capital is HRK 200,000. The Companies Act provides for a simultaneous and a successive establishment of a public limited company. Company founders are the shareholders who have adopted the articles of association.

Branch Office

Under Croatian legislation, foreign companies and sole traders may conduct business in Croatia by setting up a branch office. The start-up and operation of branch offices owned by foreign companies are governed by the same regulations that apply to the establishment of branches by domestic companies.

A branch office is not a legal entity. The liabilities and rights stemming from its operation do not belong to the branch office but to the founder. The founder legally holds all rights and obligations of branch offices. In case of a dispute with third parties, the branch is not a party to it, but the company or sole trader that owns the branch. The branch office operates under its own name. The name should indicate both the branch's and the founder's registered office. If the same founder intends to establish several branch offices, the establishment procedure is carried out separately for each branch.

Franchising

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Franchising is a relatively new business concept in Croatia. There are between 120 and 150, mostly foreign, franchisors operating in the Croatian market. McDonald's has been present in Croatia since 1996 and has a total of 21 restaurants in 10 cities. The most recent U.S. franchises to enter the market include SIGNARAMA, RE/MAX, Kentucky Fried Chicken, and Burger King. Tourism and hospitality are considered to be the most promising sectors for franchise development. The typical prospective franchisee knows little about franchising and needs to be educated by the franchisor on how he/she could benefit from the concept. Numerous opportunities for advertising exist in the local daily press and specialized magazines, and expert assistance to franchisors looking for local partners is available from at least two franchise development centers.

Direct Marketing

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Although direct marketing is becoming more common in Croatia, it is still in its early stages compared with developed Western countries. An average potential customer is unlikely to get more than a few phone calls a year to his home number made by companies to market their services or products. Currently, local banks, insurance and telecommunication services companies make such solicitations. Direct marketing by mail is far more common, and households receive such mail on a daily basis, typically from local supermarket chains, restaurants and personal services providers. Credit card companies regularly include in their bills special offerings of various consumer goods in partnership with other companies. However, the sale of mailing lists is still rather limited.

Joint Ventures/Licensing

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The Law on Companies regulates the establishment of joint-ventures, investment in companies with mixed ownership, as well as other types of foreign or domestic investment. This law, adopted in 1994, is very similar to the German Company Law. Establishment procedures require a Croatian lawyer, a notary public, and registration with the local Commercial Court.

There are no specific laws regulating licensing other than the Law on Obligations ("Commercial Code") which addresses contract law. The licensing contract should also cover intellectual property rights issues (trademark, model, patent or copyright), payments/royalties, the term of the contract, restrictions on using trademarks, etc. (See Chapter 7 for more information on intellectual property rights.) A Croatian lawyer should be consulted to ensure that provisions of the contract do not contravene Croatian law, making the agreement null and void.

Selling to the Government

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The [Public Procurement Law](#), which entered into force on January 1, 2012, is applied to all purchases made by government bodies including those of the local government and

majority state-owned companies and institutions. These institutions (which include some of the key utility and transportation companies, most hospitals, schools, some banks and insurance companies) are obliged by law to perform most of their procurement by public tender.

Because these tenders are often written only in the Croatian language and are not automatically available on company websites, interested U.S. bidders are advised to engage a local Croatian-speaking representative to monitor the Official Gazette on a daily basis. The representative can purchase the tender documentation on behalf of the U.S. firm, discuss issues with the buyer, deliver the U.S. exporter's bid, etc. The U.S. Commercial Service is also available to assist with obtaining tender documentation.

Distribution and Sales Channels

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Croatia's distribution system is formalized by the Law on Trade which regulates the activities of wholesalers and retailers.

With over twenty percent of the nation's population and its central location, the capital city of Zagreb is the primary distribution center for the country. The port cities of Split and Rijeka are also important distribution points, and the eastern city of Osijek is the largest and most important distribution point in that region of the country. Croatia's geographic location, access to seaports, and well developed transportation system give the country distinct advantages as a regional distribution point, particularly to countries located within the geographic area of the former Yugoslavia.

There are an estimated 7,500 retail outlets in Croatia (including kiosks, small shops, and open markets). In recent years newly developed shopping centers (such as Importanne, King Cross, Kaptol Centar, Avenue Mall, City Centar One, West Gate, Garden Mall, and Arena Centar in Zagreb), modernized or newly-established domestic supermarket and retail chains (such as Getro, Konzum, Dinova-Diona, Prehrana, Plodine), and foreign chains (such as Billa, DM, Merkator, Mercatone, Metro, Bauhaus, Baumax, Kaufland, Lidl, and Interspar) have become dominant players in the marketplace. Ikea opened a superstore near Zagreb in August 2014.

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Factors/techniques critical to success in Croatia are not different from most other countries: a product/service that offers value for the money, close and frequent contact with buyers, motivated and trained middlemen, aggressive market promotion, and, for technical products, a professional and customer friendly after-sales service network in place. Often, the ability to provide financing is also important.

New products entering the market require extensive market research and mass advertising to identify potential customers' buying patterns and preferences. This applies particularly to unknown brand names, as Croatians are very brand conscious.

Due to the size of the Croatian and neighboring markets, highly specialized products might be best marketed through a regional representative.

While there are no exact figures on the value of e-commerce trade in Croatia, market research agencies estimate that the Croatian retail chains generate approximately \$25 million through online transactions per year. An estimated 55 percent of credit card owners and 40 percent of internet users in Croatia regularly shop online, of which 45 percent order from international online stores.

Croatia is the regional leader in terms of online banking penetration with approximately 900,000 internet banking users. Mobile commerce is also well developed – mobile phones can be used to pay for parking, public transportation, and perform mobile banking services.

Trade Promotion

Trade events and fairs continue to be popular in Croatia. The single largest event in Croatia is the annual Zagreb Fall Fair (September), which attracts nationwide attention and includes numerous foreign exhibitors. The Zagreb Fair Authority organizes a number of industry-focused or specialty exhibitions during the year in sectors such as consumer goods, food processing, environmental technology, medical equipment, pharmaceuticals, automobiles and automotive parts, information technology, textiles and apparel, wine, etc. For more information on these events, contact:

Zagreb Fair
Avenija Dubrovnik 15
10 020 Zagreb, Croatia
Tel: (385)(1) 650-3111
Fax: (385)(1) 652-0643
E-mail: zagvel@zv.hr
Internet: <http://www.zv.hr>

Several annual trade events organized by the Split Fair (www.sajamsplit.hr) and other private organizers throughout Croatia have become increasingly popular in recent years. The list of all trade events in Croatia is available online at www.sajmovi.eu.

Advertising

While the number of publications is growing, television (which reaches 90 percent of the market) is the most important media in Croatia for advertising. Outdoor advertising is also growing. By distribution, about 60 percent of advertising expenditure goes to TV, 15 percent to newspapers, 10 percent to magazines, and 5 percent to outdoor billboards. Radio is experiencing growing interest, currently receiving about 10 percent of advertising expenditures.

Croatia has four state-owned and five private TV channels as well as five regional and six local channels; satellite and cable TV bring dozens of other channels into the market. The most advertised products are telecommunications, vehicles, financial institutions, beverages and newspapers. Croatian regulations prohibit television advertisement of

tobacco, alcohol, and spirits.

The six national daily newspapers account for 60 percent of advertising expenditures for print periodicals.

More than 6,000 billboards populate Croatia. Prices range from \$140 per month to \$265 per two-week period depending on frequency and category. It is recommended that 150-200 billboards be used for a nationwide launch campaign.

Key TV stations include state-owned Croatia Radio Television, and privately-owned RTL, Nova TV, Croatian Music Channel, and Sport Television. Key Internet service providers include [T-Com](#), [Iskon](#), [VipNet](#), [Amis](#), [Optima](#), and [Metronet](#). There are many international advertising firms with offices in Croatia and a substantial number of Croatian advertising agencies. Public relations agencies are also available. Contact details are available from the U.S. Commercial Service.

Pricing

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The level of prices in Croatia is generally high, even compared to prices of similar products/services in Western European countries and the United States, thus making imported products price competitive. The Croatian currency, the Kuna is tied to Euro and the Value Added Tax (VAT) in Croatia is 25 percent.

Sales Service/Customer Support

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In the Croatian consumer market, after-sales service is extremely important, especially in terms of providing technical and spare part services to prospective clients. Many Croatian consumers will base purchasing decisions on the prospective after-sales service for their products, especially in high-end luxury goods such as electronic equipment. Appointing a central distributor that stocks spare parts and provides maintenance and repair service is recommended for both existing brands and new brands breaking into the market. Foreign companies that bring strong customer support systems to the market will find themselves with a competitive edge.

Protecting Your Intellectual Property

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Introduction

Several general principles are important for effective management of intellectual property ("IP") rights in Croatia. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Croatia than in the United States. Third, rights must be registered and enforced in Croatia, under local laws. Your U.S. trademark and patent registrations will not protect you in Croatia. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do

offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Croatian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Croatia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from [local attorneys](#) or IP consultants who are experts in Croatian law.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken the fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Croatia require constant attention. Work with legal counsel familiar with Croatian laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Croatia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, and Russia. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Croatia at: <http://export.gov/russia/contactus/index.asp>

IPR Climate in Croatia

In March 2004, the Croatian Parliament ratified a comprehensive bilateral Memorandum of Understanding between the United States and Croatia on the Protection of Intellectual Property Rights. In May 2007, the U.S. Trade Representative Office removed Croatia from all watch lists (see also CCG Chapter 6: Investment Climate Statement – Protection of Property Rights). The following is the contact information for the key Croatian IPR institution:

State Intellectual Property Office
 Ms. Ljiljana Kuterovac, Managing Director
 Ulica grada Vukovara 78, 10000 Zagreb, Croatia
 Phone: 385/1/610-6100; Fax: 385/1/610-9660
 E-mail: info@dziv.hr
www.dziv.hr

Due Diligence

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Detailed due diligence using utmost caution and assistance from experienced and well-connected local professionals is strongly recommended. One of the standard programs of the U.S. Commercial Service is the International Company Profile (ICP), designed to assist U.S. companies to enter international business relationships with greater confidence by providing background information on a prospective business partner.

Local Professional Services

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Croatia offers a wide variety of high-quality professional services.

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American Chamber of Commerce in Croatia - www.amcham.hr
Authorized Court Translators - www.sudski-tumac.com
Croatia National Bank - www.hnb.hr
Croatiabiz (business directory) - www.croatiabiz.com
Croatian Agency for Investments and Competitiveness - www.aik-invest.hr
Croatian Bar Association - www.hok-cba.hr
Croatian Chamber of Economy - www.hgk.hr
Croatian Radio-Television - www.hrt.hr
Croatian Telecom - www.t.ht.hr
Central Bureau of Statistics - www.dzs.hr
Deloitte & Touche (tax consultants/accountants) - www.deloitte.com
Embassy of the Republic of Croatia, Washington, DC - <http://us.mvep.hr/>
Embassy of the United States of America - <http://zagreb.usembassy.gov/>
Ernst & Young (tax consultants/accountants) - www.ey.com/hr
Franchising Portal - <http://franchising.hr/>
Globalnet (Internet provider) - <http://home.globalnet.hr/>
Hitro (one-stop-shop for dealing with state administration) - www.hitro.hr
Index (Internet portal) - www.index.hr
Iskon (Internet provider) - www.iskon.hr
Kapital Network TV – www.kapital.tv
Kompas (business directory) - www.kompas.com.hr
KPMG (tax consultants/accountants) - www.kpmg.hr
Legal 500 Recommended Law Firms - www.legal500.com/c/croatia
Ministry of Economy - www.mingo.hr
Ministry of Interior - www.mup.hr
Nova TV - www.novatv.hr
Office of the U.S. Trade Representative - www.ustr.gov
Official Gazette - www.nn.hr
Official Gazette (public procurement notices) - <http://ponuda-jn.nn.hr>
Poslovna Hrvatska (business directory) - www.poslovna.hr
PricewaterhouseCoopers: (tax consultants/accountants) - www.pwc.com/hr
Public Notaries - www.hjk.hr

Public Procurement Portal - www.javnanabava.hr
RTL TV - www.rtl.hr
Scientific and Technical Translators - <http://www.drustvoprevoditelja.htnet.hr/>
Split Fair - www.sajamsplit.hr
State Intellectual Property Office - www.dziv.hr
The Croatian Homepage (portal) - <http://www.hr/>
U.S. Commercial Service Zagreb - www.buyusa.gov/croatia
VIPnet (Internet provider) - www.vip.hr
Zagreb Fair - www.zv.hr

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Travel and Tourism

A. Tourism Infrastructure

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	1,000,000	1,000,000	1,250,000	1,450,000
Total Local Production	700,000	700,000	750,000	800,000
Total Exports	50,000	50,000	50,000	50,000
Total Imports	350,000	350,000	550,000	700,000
Imports from the U.S.	15,000	15,000	20,000	20,000
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: All Figures are Rough Estimates.

Croatia's key tourist attraction is its beautiful, thousand-mile-long Mediterranean coastline with 1,185 islands (only 66 populated), ideal for maritime tourism. Over 13 million tourists visit Croatia every year (Croatia's population is 4.5 million). There were 255,592 visitors from the U.S. in 2014, a 16% increase over 2013. With only 15 percent of the coast urbanized, Croatia has plenty of room for development of the tourist infrastructure, while keeping the destinations attractive and the tourism industry sustainable. According to the [Croatian Tourism Development Strategy](#), the goal is to make Croatia by 2020 a globally recognized, all-year-round tourist destination, competitive and attractive to investments.

Sub-Sector Best Prospects

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According to the above-mentioned strategy, more than USD 7.5 billion worth of new investments in tourism infrastructure is envisioned by 2020 for:

- newly constructed, mainly 4-5 star hotels and resorts – 20,000 rooms
- reconstruction and upgrade of existing hotels – 15,000 rooms
- small family hotels and boarding houses
- upgrading accommodations in households
- enhancing camp sites
- maritime tourism harbors
- theme parks (10 new)
- convention centers
- golf resorts
- other (entertainment, shops, beaches, walkways, cultural facilities, food & drink facilities etc.).

Opportunities

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In 2015, a total of USD 600 million of investments is expected in the hotel industry. New 5-star hotels are being constructed and old ones renovated and upgraded to 4- or 5-

star hotels, mostly in the Istria and Dubrovnik regions. Major projects in the pipeline include luxury resorts on the Brijuni Islands and near Vodnjan in Istria; and Kupari, the Srdj Hill, Duba Stonska and Tri Sestrice in the Dubrovnik area. Planning, design, branding, and management services for such facilities, as well as equipment supply or equity investment and joint-ventures represent significant opportunities for U.S. companies.

Although the Law on Urban Development and the Law on Construction of December 18, 2013, (Official Gazette No. 153/13) have significantly simplified the process of urban planning and issuing of construction permits, in practice potential investors in major tourism infrastructure projects might still face uncertainties and delays, primarily when dealing with local administrations.

Recognizing the key role that foreign investment could play in revitalizing the Croatian economy, the current government has committed to moving forward on several pending tourism infrastructure projects -- and to initiating new projects as well. The most current list of government-led investment projects in the tourism sector is available from the [Croatian Agency for Investments and Competiveness](#).

B. Travel to the U.S.

The number of Croatians travelling abroad for tourism purposes is estimated at 600,000 a year. Europe is the primary destination for Croatian travelers, particularly top world destinations such as Paris, Rome, Venice, Milan, London, Vienna, and Berlin. Beyond Europe the most popular destination countries are the United States, United Arab Emirates, China, Jordan, Israel, and Thailand. Almost 18,000 Croatians visited the United States in 2014, an increase of 13.2% in comparison with 2013. They spent an estimated \$12 million. Croatians spend an average of five to seven days in the United States.

Web Resources

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Ministry of Tourism – www.mint.hr

Ministry of Environment and Nature Protection – www.mzoip.hr

Croatian Agency for Investments and competitiveness – www.aik-invest.hr

Croatia National Tourist Board – www.croatia.hr

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Recreational Boating and Equipment

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	150,000	160,000	180,000	200,000
Total Local Production	40,000	55,000	60,000	70,000
Total Exports	20,000	30,000	40,000	50,000
Total Imports	130,000	135,000	160,000	180,000
Imports from the U.S.	15,000	20,000	25,000	30,000
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: (All figures are rough estimates.)

Notwithstanding the global economic slowdown, demand for recreational boats and equipment has grown steadily in Croatia. Croatia has a huge potential in maritime tourism, and boat chartering has been among the fastest growing industry sectors. Most of the boats and equipment are imported from the European Union and the United States, but local production is becoming more competitive. With sufficient numbers of capable local distributors specializing in recreational boats and/or equipment that would be effective partners, the opportunities for U.S. exporters are significant.

Sub-Sector Best Prospects

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- Motorboats of up to 20 feet and spareparts
- Luxury motorboats of 30 feet and up and spareparts
- Maintenance and repair of motorboats
- Marina services and equipment,
- Environmental protection equipment at marinas.

Opportunities

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As Croatia enforces the environmental protection standards required by the European Union, environmental protection equipment at marinas has become increasingly important. Boat building has a long tradition in Croatia but repair and maintenance of modern luxury motorboats, which are increasingly the most common types of craft in Croatian marinas, is not yet a strength. Supply of modern tools and training for these types of services as well as general marina operations represent the key opportunity.

Web Resources

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Ministry of Maritime Affairs, Transport and Infrastructure - www.mppi.hr

Croatian Register of Shipping – www.crs.hr

U.S. Embassy - U.S. Commercial Service
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Energy

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	360,000	370,000	400,000	500,000
Total Local Production	220,000	210,000	230,000	240,000
Total Exports	22,000	20,000	30,000	40,000
Total Imports	162,000	180,000	200,000	300,000
Imports from the U.S.	15,000	15,000	20,000	25,000
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: All Figures are Rough Estimates.

Croatia imports over 50 percent of the total of about 300 PJ (petajoules) of energy consumed annually. It imports 80 percent of its oil needs, 40 percent of gas, 30 percent of electricity, and 100 percent of coal needs. Due to the expected three percent annual increase of energy demand and the projected exhaustion of Croatia's own oil and gas resources during the next ten years, its dependence on imported energy will continue to grow.

As a member of the European Union (EU) since July 1, 2013, Croatia has adjusted its energy sector regulations and development plans to enable smooth integration into the European energy market. In line with the EU approach, on October 16, 2009, Croatia's parliament adopted a professionally-prepared and publicly-discussed Energy Strategy for the period until 2020. Adjusting Croatia's energy policy with EU goals for 2020, the strategy addresses Croatia's need for increased, diversified and sustainable supply of energy resources and improved energy efficiency.

In the electric power generation sector, the strategy has identified the need for construction of a total of about 3,500 MW of installed capacity (the current total capacity is about 4,000 MW, of which about 1,100MW is in facilities at the end of their life-cycle). In 2014, there has been a total of 412 MW of installed capacity in operation from renewable sources (of which 340 MW is from windfarms), and the target capacity by 2020 is 820 MW.

In the oil and gas sector, it has identified the need for construction of additional oil and gas pipelines, an LNG terminal and gas storage. Upgrades and modernization are also needed in the district heating sector. The estimated total investment in these projects exceeds \$20 billion (about \$2 billion annually). An estimated 60 percent of the investments would be needed in the electric energy sector, 30 percent in the oil and gas sector, and 10 percent in the district heating sector. Croatia does not have sufficient financial and technology resources for these investments and it will highly depend on foreign investors and equipment suppliers.

Sub-Sector Best Prospects

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- Key equipment for gas-fired (especially cogeneration) and coal-fired power plants
- Key equipment for LNG terminals (on shore)
- Key equipment for renewable energy plants (especially wind, solar and biomass)
- Oil-pipeline and gas-pipeline equipment
- Underground gas storage equipment
- Off-shore and on-shore oil & gas exploration equipment and services

Opportunities

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Implementation of the Energy Strategy adopted in 2009 has not been as smooth as expected. The current government has set the following major projects as its top priority:

- Off-shore oil & gas exploration in the Adriatic Sea – several bidders have been selected through a tender for 29 exploration blocks, including American firm Marathon Oil
- Coal-fired plant in Plomin (500 MW) – Japanese Marubeni has been selected as a strategic partner to Croatian HEP; project planning is underway
- Construction of LNG terminal at the Island of Krk – Open Season for storage capacity development is underway, as well as preparation of FEED and Main Design
- Renovation of hydro-power plant in Senj (240 MW) and construction of hydro-power plant in Kosinj (52 MW)
- Construction of several hydro-power plants on the Sava river
- Construction of underground gas storage (Grubisno polje)
- On shore oil & gas exploration – three bidders have been selected through a tender for six exploration blocks in northern and eastern Croatia

Web Resources

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Ministry of Economy - www.mingo.hr
Croatian Electricity Company – www.hep.hr
Croatian Energy Regulatory Agency – www.hera.hr
Croatian Energy Market Operator – www.hrote.hr
LNG Croatia, d.o.o. – www.lng.hr

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Transportation

Overview

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Type of transport	State of infrastructure	Structure of passenger transport	Structure of goods transport
Road	26,820 km	59.5%	63%
Railway	2,722 km	24.1%	10%
Air	7 airports	92%	0.4%
Maritime and river	804 km of river waterways	14.4%	20%
Pipeline	2,530 km	n/a	6.6%

Source: Central Bureau of Statistics preliminary report for 2014

Croatia's geographic position on the crossroads of Southeast Europe, connecting the Pannonia plain and the Mediterranean coast, provides a strong basis for development of the transportation sector. Currently, this sector represents 5% of GDP and 5.5% of total employment in Croatia.

Croatian road transport has developed more rapidly than other transport sectors. Two road corridors run through Croatia: the corridor X (10) from Western Europe to the Black Sea and the corridor V (5) from Eastern Europe and the Baltic Sea to the Mediterranean. Croatian Railways' long-term business projections envisage the construction of modern infrastructure on sections which belong to the V, B, C and X Pan-European transport corridors. The three key Croatian railway state-owned companies (HZ Infrastructure, HZ Passenger Transport, and HZ Cargo) are undergoing reorganization in order to cope with the railway market liberalization.

There are 350 Croatian ports and small harbors on the coast and islands, and seven of them can receive large ocean-going ships: Pula, Rijeka, Zadar, Šibenik, Split, Ploče and Dubrovnik. Croatia's major river ports are Vukovar on the Danube, Osijek on the Drava, and Sisak on the Sava. The Port of Rijeka accounts for the major portion of port business among Croatian seaports, generally generating more than 50% of total port traffic in Croatia.

There are seven international airports in the Republic of Croatia – Zagreb, Split, Dubrovnik, Zadar, Rijeka, Pula and Osijek. There are also three landing facilities – Brač, Lošinj and Vrsar – for the arrival and dispatch of smaller commercial aircraft. Croatian airports registered approximately 7 million passengers in 2014, which represented a 6.3% increase compared to 2013. Zagreb airport is the largest Croatian airport, with 2.4 million passengers in 2014.

Sub-Sector Best Prospects

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- Environmental friendly vehicles (trucks, personal vehicles)
- Key equipment for Intelligent Transportation Systems
- Cargo equipment, especially for railways
- Key equipment and services for airports

Opportunities

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The major projects include:

- Croatian government is preparing a public offering for 51% of the shares of the company Croatian Highways, which will include management of the Croatian network of over 1,000 km of highways
- Modernization of the railway line Rijeka-Zagreb worth \$1.4 billion, which will enable better cargo transportation from the Port of Rijeka to Europe
- Privatization of the state-owned airline company Croatia Airlines
- Construction of a new airport terminal in Zagreb (about \$150 million) with a French concessionaire as the project holder.
- Dubrovnik Airport upgrade worth \$238 million. The project includes building a passenger terminal and increasing overall capacity, and rehabilitating and upgrading the runway and taxiways.
- The Peljesac Bridge project, which is instrumental in connecting Croatia's territory and ensuring the future EU Schengen security regime between the EU (i.e. Croatia) and non-EU countries. The project is still in its early stages.

Web Resources

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Ministry of Maritime Affairs, Transport and Infrastructure - www.mppi.hr
Croatian Chamber of Commerce, Sector for Transportation and Communications
Department – www.hgk.hr

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Information and Communication Technology

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	2,040,000	2,050,000	2,162,000	2,297,000
Total Local Production	1,410,000	1,455,000	1,517,000	1,597,000
Total Exports	440,000	445,000	465,000	480,000
Total Imports	1,070,000	1,040,000	1,110,000	1,180,000
Imports from the U.S.	34,000	35,000	40,000	45,000
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

(Source: figures for the total market size – estimates based on IDC Adriatics data; figures for exports are estimates based on the percentage of exports for the top 10 companies in the sector; figures for imports from the \$ – Croatian Customs Directorate)

While the negative performance of the IT sector in Croatia in the last five years presented a serious concern for stakeholders, expectations regarding the future of the Croatian ICT market are optimistic. The local branch of a market research agency estimates that the market will grow by 6 percent this year, reaching \$1.07 billion. However, the Business Monitor International (BMI) believes the Croatian IT market would still slightly decrease in 2015. Croatian IT spending per capita was at \$240 in 2014, or 29 percent of the EU average of \$970. According to BMI, this should expand to \$318 by 2017. The Croatian telecommunication sector is one of the most developed sectors of the Croatian economy, and still has a preference for U.S. equipment, regardless of the increasing presence of Asian manufacturers. Unfortunately, reliable statistics for the telecommunications market are not available, thus the aggregate ICT market size figures provided in the above table are based on our best estimates.

Market data

The public sector is the largest user segment, representing 23 percent of IT spending in Croatia. It is followed by the financial sector (21 percent) and telecommunications sector (18 percent). Retail sales recorded a mild growth in 2014 thanks to marketing activities and special offers, but they represent only 9 percent of the total IT spending in Croatia. In 2014, software exports increased by 30 percent and represent 2 percent of all Croatian exports.

Largest Croatian telecommunications operators and their 2014 revenues in \$ million:

T-HT Inc. (incumbent, mobile and fixed phone and broadband operator)	1,000
VIPnet Ltd. (mobile and fixed phone and broadband operator)	495
Tele 2 Ltd. (mobile phone and mobile broadband operator)	201
Optima Telekom Inc. (fixed phone and broadband operator)	83
Metronet telekomunikacije Inc. (fixed operator)	54
Amis	10

The incumbent telecommunications operator, T-HT (Croatian Telecom Inc, a subsidiary of Deutsche Telekom) invested about \$245 million during 2013 which is about 21% increase from the previous year. Other operators continue to invest comparable percentage of their revenues in their infrastructure and/or acquisitions. The latest example of the latter is the acquisition of the cable operator B.net Hrvatska Ltd. by the mobile operator VIPnet Ltd. VIPnet also acquired four regional operators including OKI and KTS, satellite operator DigiTV and residential infrastructure assets from telecom operator Metronet Telekomunikacije. With these acquisitions, Vipnet represents a strong challenge to the incumbent operator T-HT.

The Croatian Telecommunications Agency (www.hakom.hr) reported that there are 1.5 million fixed line connections (4.86% less than in previous year), 4.4 million mobile phones, 1.35 million broadband users (of which 423,272 are through mobile networks (13% increase from last year) and 923,885 internet connections (increase of 3.8% from last year) and 154,153 cable TV subscribers in Croatia. The shift from the fixed lines initially benefited cable TV (which includes Internet access) as well as broadband Internet access, but the number of cable TV connections in 2014 increased only by 2.77 percent. According to the local business daily Poslovni Dnevnik, 60 percent of Croatian households use high speed internet (up to 20 Mbps). All of the operators offer mobile broadband through USB dongles and PC cards with access of up to 7.2Mbps over HSPA networks. Upgrades to HSPA+ are now beginning, potentially boosting access speeds to 21 Mbps. In the fixed broadband area, T-HT controls 61.8% of the market, Optima 17.2%, BNet (VIPnet) 12% and others 9% . T-HT offers IPTV service under the name maxTV and Optima under the name OptiTV. Croatia also supports IPTV service from fixed-line and ISP operators Amis and Metronet.

Sub-Sector Best Prospects

High margins in the telecommunications sector will continue to justify large infrastructure investments. However, the telecommunications operators are not the only investors in this sector; the government, banks and utilities are also investing in maintenance and development of their own telecommunications infrastructure, especially fiber optic networks. Mobile broadband access continues to be one of the fastest growing market segments. The number of mobile broadband users increased 13% from the last year. Vipnet and T-HT already migrated towards the LTE standard and are in the process of upgrading to fiber optic infrastructure. The number of local companies that are using websites for promotion and online e-Commerce sales are rapidly increasing.

Opportunities

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Relying heavily on EU funds, the Croatian government plans to invest about \$265 million to continue their investment in the construction of next generation broadband and ICT development in rural areas. It is estimated that by 2020, 50% of the population will have ultra-fast access to the internet which will be more than 100Mbps while others will have an average speed of 30Mbps. The full list of operators can be found at the website of the Croatian Telecommunications Agency (<http://www.hakom.hr/default.aspx?id=29>). Following are the websites of major Croatian telecommunications equipment distributors and integrators: www.king-ict.hr; www.computech.hr; www.cs.hr; and www.combis.hr (owned by the incumbent operator, HT).

The cloud computing sector is growing at 30 percent per year and is about 5 percent of the total IT market. It is the fastest growing segment of IT consumption in the country. The highest demand is on PaaS. It was estimated by the Association of Croatian Independent Software Exporters (CISEx) that during 2013-2015 there could be about 10,000 new jobs opened by IT startups in Croatia, primarily related to offering cloud solutions to the public sector as well as to small and medium businesses. According to IDC, the value of cloud services in 2013 was about \$10 million.

While IT spending in the financial and other sectors will probably remain at the same level, the largest opportunities lie in the public sector, which should apply EU funds to IT projects -- and contribute to the growth of the market. Government spending on ICT will focus on areas like e-Government, e-Taxation, e-Health and the justice system. Phablets will be the main growing engine related to the mobile devices industry. "Wearables" will also rapidly grow together with the "Internet of things," which should transform the traditional IT industry. Croatia's e-Government project will include the following three large infrastructure projects:

- **OIB** - the Croatian government will integrate all public databases in one, using OIB (personal identification number) as the key identifier. Every Croatian citizen will receive a government email address for improved communication with public institutions.
 - **Croatian Cloud Datacenter** - the Croatian government will establish a secure backup center for all public datacenters. The suggested location for this center is a former military airport in Udbine.
- Digital Case Tracking System** for the Office of the Chief State Prosecutor – a replacement for its 130-year-old system of record keeping. The system has already been partially deployed in Zagreb, Zlatar, Karlovac and Pula.

Resources

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Croatian Post and Electronic Communications Agency – <http://www.hakom.hr>

T-HT Inc. – www.t.ht.hr

Vipnet Ltd. – www.vipnet.hr

Tele 2 Ltd. – www.tele2.hr

Metronet Inc. – www.metronet.hr

Optima Telekom Inc. – www.optima.hr

Local branch of the market research agency IDC – www.idc-adriatics.com

Croatian Independent Software Exporters CISEx -

www.exportboomers.com/CISEx/Udruga-CISEx

Business Monitor International - <http://www.businessmonitor.com/>

U.S. Embassy - U.S. Commercial Service

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Medical Equipment and Pharmaceuticals

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	1,100,000	1,023,000	1,003,000	1,000,000
Total Local Production	637,000	583,000	530,000	520,000
Total Exports	587,000	540,000	490,000	500,000
Total Imports	1,050,000	980,000	963,000	980,000
Imports from the U.S.	115,000	110,000	100,000	110,000
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: All Figures are Rough Estimates.

Croatia spent an estimated 7.8% of GDP on healthcare in 2014, equal to \$3.99 billion, or \$900 per capita. About 85% of this was in the public sector (\$3.39 billion) and 15% in the private sector (\$600 million). The Croatian Health Insurance Fund (HZZO) expects the public sector expenses to be lower in the future -- about \$3.7 billion in 2015.

Funding for the healthcare in Croatia is principally through the compulsory health insurance system which is operated by the Croatian Health Insurance Fund (HZZO). The HZZO collects contributions from the working population and the government makes payments on behalf of those exempt, such as the elderly, the unemployed and dependents. The \$3.85 billion budget of the Croatian Institute for Health Insurance (HZZO, www.hzzo-net.hr) provides treatment for approximately 4.28 million insured persons annually in 49 public health centers, 22 general hospitals, 12 clinics, 40 special hospitals and 363 polyclinics. The Croatian government is currently undertaking an extensive reform of the health-care sector in order to increase its efficiency and limit spending to affordable levels. One of the key reform measures included the separation of the Croatian Institute for Health Insurance from the state budget on January 1, 2015.

Sub-Sector Best Prospects

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In 2014, the Croatian market for medical equipment and supplies was estimated at \$214.3 million, or \$50 per capita, primarily government funded. The largest product area within the market was consumables, accounting for 27.7% of the overall total, followed by diagnostic imaging with a market share of 13.5%. Approximately one-fourth of this market is new medical equipment. It is expected that the market will expand at a rate of 5.0% per annum, reaching \$295.6 million by 2018. The National Healthcare Development Strategy 2012-2020 developed by the Croatian Ministry of Health will expand health-related IT systems in the country and restructure the hospital sector.

Around 92% of the medical device market is supplied by imports. Croatia imported medical devices valued at \$210 million in 2014; this represented an increase of 6% compared with 2013. Imports have fluctuated in recent years, although the general

trend has been upward, from \$109.2 million in 2002. Croatia has a small domestic production sector, supplying both the domestic market and other countries from the former Yugoslavia.

Total drug expenditures in Croatia in 2014 were around \$1.2 billion, which represents a minor increase compared to \$1.19 billion in 2013. Croatia's pharmaceutical expenditure per capita is comparable to its neighbors, with the sixth highest per capita expenditure in the Central and Eastern Europe Region (CEE). Approximately 25 percent of all drug expenditures are attributable to various groups of cardiovascular drugs. The second highest ranked group is nervous system drugs, followed by immune system/cancer treatment drugs and gastro-intestinal drugs.

Opportunities

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Total spending on medical equipment, surgical instruments, accessories, laboratory equipment and various supplies in Croatian hospitals amounts to \$208 million, of which approximately \$45 million is spent on medical equipment. Clinical centers in Zagreb and Rijeka are the most active buyers.

The size of the private healthcare sector is expanding in Croatia, but the greatest increases have occurred in the number of general practitioners' offices, which do not require as much high-tech equipment as large hospitals. Private clinics and medical practitioners account for approximately 7-9 percent of total services provided in the health sector. The largest private clinic in Croatia, the cardiology clinic "Magdalena", registered revenues of approximately \$16.5 million in 2014. Private polyclinic "Sunce" (\$12 million) and orthopedic clinic "Akromion" (\$4.45 million) are also among the better known private medical institutions in Croatia.

The Croatian pharmaceuticals market is dominated by generic products more than many other markets in the CEE region. However, spending on expensive, innovative drugs has begun growing rapidly since 2012, when HZZO included it in the reimbursement list. In the following years, HZZO was forced to remove some drugs from the list in order to stay within the budget. Despite the cuts, HZZO reimbursement had generated most of the \$1.2 billion pharmaceutical sales in 2014. Croatian pharmaceutical distributors are interested in the possibility of representing additional U.S. principals and/or use the manufacturing capacities of U.S. private label manufacturers. Food supplements and health-related IT systems represent another area where Croatian distributors are looking for new brands.

Resources

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Business Monitor International – www.businessmonitor.com

Croatian Agency for Medicinal Products and Medical Devices – www.almp.hr

Croatian Ministry of Health – www.zdravlje.hr

Croatian Institute for Health Insurance – www.hzzo-net.hr

Croatian State Bureau of Statistics – www.dzs.hr

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Environmental Technologies

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	367,000	377,000	462,000	560,000
Total Local Production	75,000	75,000	90,000	120,000
Total Exports	8,000	8,000	8,000	10,000
Total Imports	300,000	310,000	380,000	450,000
Imports from the U.S.	5,000	6,000	6,000	6,500
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: All Figures are Rough Estimates.

While the Croatian environmental equipment and services market is relatively small, Croatia's EU accession in July 2013 has increased attention on the environmental sector. The sector is providing a unique window of opportunity for U.S. firms (consultants and suppliers of technology) to offer specialized equipment and services and position themselves for a long-term access to the country's environmental market.

According to rough estimates, the total environmental investments aimed at reaching the average EU standards for air, water/wastewater, and waste sectors will amount at least to \$ 8 billion. In addition to funds provided by local counties, the Croatian Fund for Environmental Protection & Energy Efficiency (www.fzoeu.hr), the World Bank, (www.worldbank.hr) and the European Bank for Reconstruction & Development (www.ebrd.com), environmental sector projects have also been significantly funded by EU accession funds. The total allocation from EU Structural and Investment Funds (ESI) for environmental protection in Croatia for 2014-2020 is \$ 2.9 billion. Most of the funds will be spent for water supply and protection, wastewater management, and waste management – treatment and disposal. Also, by the end of 2018, Croatia needs to rehabilitate and close all its landfills and establish centralized waste management through regional Waste Management Centers.

Best Prospects/Services

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- Public water supply projects
- Water quality maintenance and monitoring
- Upgrade of wastewater treatment facilities
- Waste Management Center Zagreb
- Development of regional and county waste management centers
- Treatment and disposal of hazardous waste
- Remediation and closing of existing landfills
- Remediation of "hot spots"

Opportunities

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- On-going Adriatic Project (Coastal Cities Pollution Control) - upgrading of municipal sewage systems and wastewater treatment facilities on the coast Completion expected in 2020. Cost of the current 2nd phase (2010-2015) is \$150 million
- Waste management center Zagreb - \$580 million
- Hazardous waste center/incinerator - \$22 million
- Waste management centers on county and regional levels - \$4.5 billion
- Rehabilitation of old landfills - \$200 million
- Rehabilitation of "black spots" - \$140 million

Resources

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Ministry of Environment and Nature Protection; www.mzoip.hr

Ministry of Regional Development and EU Funds; www.mrrfeu.hr

Croatian Waters; www.voda.hr

Agency for Environmental Protection; www.azo.hr

Fund for Environmental Protection and Energy Efficiency; www.fzoeu.hr

Croatian Business Council for Sustainable Development; www.hrpsor.hr

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Agricultural Sectors

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Miscellaneous Consumer Foods

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	763,178	849,578	850,000	850,000
Total Imports	1,785,554	1,968,240	2,000,000	2,000,000
Imports from the U.S.	17,404	14,507	15,000	20,000
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Data Sources:

- Total Local Production: n/a
- Total Exports: Global Trade Atlas
- Total Imports: Global Trade Atlas
- Imports from the U.S.: Global Trade Atlas

Croatia's total imports in this category vary around \$1.8 billion. In the last few years flourishing tourism on the Dalmatian coast and rebounding consumer demand in urban areas are fueling demand for consumer foods which is underlined by the increasing number of supermarkets. However, a slight slowing down of the market for consumer foods is noticeable that can be associated with the global economic crisis. Trade statistics on American exports to Croatia in this category are severely understated due to transshipment via the EU.

Sub-Sector Best Prospects

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Imports of fresh fruits and vegetables together with processed fruits and vegetables were approximately \$397 million in 2014. However, US exports of these products to Croatia were valued at only approximately \$1 million. This sector has high prospects because Croatia is not self-sufficient in fruit production and will always import exotic fruits.

Another interesting sector is tree nuts. Croatia imported 3,084 metric tons (MT) of tree nuts in 2014, valued over \$25 million, of which more than \$6 million are coming from the United States. Furthermore, Croatia's almond production satisfies about half of domestic demand, thus there is good market potential for U.S. almond producers and exporters.

Furthermore, Croatia is a large pork importer. In 2014, pork imports reached \$236 million (79,447 MT), mostly from the EU (Germany, Netherlands, Spain, Hungary, Italy and Austria). Currently, the U.S. is only a minor supplier to the Croatian market which

used to be constrained by trichina testing, but with the adoption of EU standards is no longer a problem.

In addition, Croatia does not have a domestic pet food manufacturing industry and imports all of its consumption. In 2014, imports of dog and cat food were approximately \$54 million. While direct exports from the United States account for only a small portion of the pet food market, U.S. exporters are advised to keep a keen eye on Croatia's economic growth as an indicator of potential sales for U.S. pet food products. One good prospect for U.S. dog and cat food exporters is the niche market for premium pet foods.

Moreover, Croatia provides a unique opportunity for U.S. wine exporters to position their product in the market that in 2014 imported over \$31 million in wine. U.S. wine exporters should focus their market entry efforts on Zagreb, the nation's capital, where niches exist for medium and higher quality wines.

Opportunities

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Demand for medium to high quality consumer foods will continue to rise along with Croatia's standard of living. The volume of US products currently being transshipped from EU ports is likely to increase as now there are no duty rates on commerce coming from other Member States.

Web Resources

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Foreign Agricultural Service Zagreb - <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.html>

Agricultural Shows and Market Reports - <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.htm>

Foreign Agricultural Service – <http://www.fas.usda.gov>

Ministry of Agriculture – <http://www.mps.hr>

Ministry of Health – <http://www.zdravlje.hr>

International Hotel and Gastro Tech at Zagreb Fair – <http://www.zv.hr/>

Vinovita – International Fair of Wine and the Equipment for Viticulture and Viniculture at Zagreb Fair – <http://www.zv.hr>

U.S. Embassy - U.S. Foreign Agricultural Service
Andreja Misir, Agricultural Specialist Zagreb, Croatia

Fish & Seafood

Overview

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	171,459	184,422	185,000	185,000
Total Imports	101,459	112,812	115,000	115,000
Imports from the U.S.	1,528	652	1,000	1,000
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Data Sources:

- Total Local Production: n/a
- Total Exports: Global Trade Atlas
- Total Imports: Global Trade Atlas
- Imports from the U.S.: Global Trade Atlas

Although Croatia is a net exporter of fish and seafood products, it imports a significant quantity as well. Annually, Croatia imports over \$100 million in fish and seafood. In 2014, Croatia imported fish mostly from Spain and Italy. The demand for fresh-water fish and seafood is expected to increase with modern changes in nutritional habits and increased demand from tourism.

Sub-Sector Best Prospects

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Promising areas for U.S. exporters include fish feed for tuna production, fish for the local fish processing industry, sardines, and mackerel. In addition the small blue fish is the most consumed fish on the national market, but due to changing nutritional habits and consumer demand, salted fish production has significantly increased, including anchovies, frozen fish, smoked fish (smoked sea bass, eel, and freshwater fish), fish pâté, marinated fish, and others.

Opportunities

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Croatia is an excellent market for U.S. fish and seafood exports. Croatia's faltering fishing industry cannot meet rising demand for seafood as the country becomes a more popular tourist destination. Croatia's fish processing industry and fish breeding is also expanding and consequently demands more feed for tuna breeding.

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Foreign Agricultural Service Zagreb - <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.html>

Agricultural Shows and Market Reports - <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.htm>

Foreign Agricultural Service – <http://www.fas.usda.gov>

Ministry of Agriculture– <http://www.mps.hr>

Ministry of Health – <http://www.zdravlje.hr>

International Hotel and Gastro Tech at Zagreb Fair – <http://www.zv.hr/>

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Soybeans and Soybean Meal

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Unit: \$ thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	32,932	45,647	45,000	45,000
Total Imports	88,010	103,952	105,000	105,000
Imports from the U.S.	18	12	15	15
Exchange Rate: 1 \$	5.7	6.1	7.1	n/a

Data Sources:

Total Local Production: n/a

Total Exports: Global Trade Atlas

Total Imports: Global Trade atlas

Imports from the U.S.: Global Trade Atlas

Croatian dairy, poultry and swine industries stimulate demand for soybeans and soybean meal. Price and credit availability are the major determinants for sourcing. At the moment, for human consumption, only GMO-free soybeans are acceptable for the Croatian market.

Sub-Sector Best Prospects

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Soybean meal is an import sector with higher financial potential.

Opportunities

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Opportunities lay in the feed segment and non-GMO soy.

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Agricultural Shows and Market Reports – <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.htm>

Foreign Agricultural Service – <http://www.fas.usda.gov>

Ministry of Agriculture – <http://www.mps.hr>

Ministry of Health – <http://www.zdravlje.hr>

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Andreja Misir, Agricultural Specialist Zagreb, Croatia

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Chapter 5: Trade Regulations, Customs and Standards

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- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
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- [Labeling and Marking Requirements](#)
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Import Tariffs

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On July 1, 2013, Croatia joined the EU customs union with common trade tariffs, policies and procedures. Once cleared by customs authorities at any EU member state, imported goods can be moved freely among EU member states without any additional customs procedure. The duties for importing a specific product into the EU, including Croatia, are found on the following websites:

<http://madb.europa.eu/madb/euTariffs.htm>

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/

More detailed information on EU customs is available from the U.S. Commercial Service at the U.S. Mission to the EU in Brussels: <http://export.gov/europeanunion/>.

Trade Barriers

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While the Croatian market is relatively free of overt trade barriers, several realities of the market pose challenges for U.S. exporters to Croatia. Of primary concern is the lack of efficiency in the Croatian judicial system. With a multi-year case backlog, the prosecution of IPR infringements and resolution of commercial disputes is time-consuming and costly.

Import Requirements and Documentation

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A Croatian importer is responsible for providing the required import documentation, which consists of common trade, transport, and customs documents, as well as certificates required for quality control and licenses where appropriate. The Single Administrative Document (SAD) that is used by European Union and most other countries is the key customs document in Croatia as well.

U.S. Export Controls

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The Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of most U.S. commercial items. The items that BIS regulates are often referred to as "dual-use" items (i.e., items that have both commercial and military or proliferation applications) but purely commercial items without an obvious military use are also subject to the EAR.

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and defense services. A list of other agencies involved in export controls can be found on the BIS website at: <http://www.bis.doc.gov/>.

Temporary Entry

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Temporary entry of products into Croatia is regulated in accordance with the EU Customs Code and international customs conventions. Croatia is a party to the Customs Convention on ATA Carnet for Temporary Import of Goods

Typically, the following goods are eligible to qualify for Carnet entry:

1. Commercial samples;
2. Goods for international fairs and exhibitions, and
3. Professional equipment (including tools and instruments, but not goods for processing or repair).

For information on obtaining an ATA export document, please visit the following website: <http://www.atacarnet.com/>

The carnet must be presented upon entry. Customs will stamp the carnet thereby validating it. Upon departure, the carnet must again be presented for validation, confirming that the product is being transported out of the country. Failure to re-export the goods results in application of the duties.

Labeling and Marking Requirements

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The following labeling information must be in Croatian on the original package of products subject to quality control: name of the product; full address of the producer or full address of the importer; net quantity, weight, or volume; ingredients; usage and storage particulars; and any important warnings about the product for the consumer. Technically complicated products must include instructions for use, the manufacturer's specifications, a list of authorized maintenance offices, warranty, and other applicable data.

Every certified product must carry a CE certification mark indicating that the product has undergone appropriate testing and that it conforms to the provisions of the relevant regulations. Foreign labels, including the U.S. standard label, are not acceptable; stick-

on labels that meet local requirements are allowed for products that contain a foreign label.

More detailed information on this topic is available from the U.S. Commercial Service at the U.S. Mission to the EU in Brussels: <http://export.gov/europeanunion/>.

Prohibited and Restricted Imports

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Information on this topic is available from the U.S. Commercial Service at the U.S. Mission to the EU in Brussels: <http://export.gov/europeanunion/>.

Customs Regulations and Contact Information

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The Croatian Customs Service, a division of the Ministry of Finance, administers import duties and controls:

Croatian Customs Service
Carinska služba Republike Hrvatske
Alexandera von Humboldta 4
10000 Zagreb
Tel: +385 1 6211300; Fax +385 1 6211012
Website: <http://www.carina.hr/>
E-mail: ured-ravnatelj@carina.hr

Standards

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Overview

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Croatia's government has harmonized its technical standards legislation with the EU Directives, as this was an important requirement Croatia had to fulfill to conclude the EU accession negotiations. To create an internal market where goods legally manufactured in one member state can be sold in the market of another member without any additional testing and certification, the EU is in a continuous process of harmonizing technical regulations, standards and conformity assessment procedures among the member states. Since the EU consists of independent states, the EU adopts Directives and publishes references to harmonized standards that each member state is required to

transpose into its own legislation and national standards system. More detailed information on the EU standards and certification is available from the U.S. Commercial Service at the U.S. Mission to the EU in Brussels:

<http://export.gov/europeanunion/eustandardsandcertification/index.asp>

<http://export.gov/europeanunion/> (click on Doing Business in the EU).

Although the Croatian representative or importer is held directly responsible for product safety and for its conformity with Croatian technical regulations, the ultimate responsibility lies with the manufacturer.

Standards Organizations

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The [Croatian Standards Institute \(HZN\)](#) is the public institution responsible for preparation, adoption, editing, and publication of Croatian standards. Any legal entity or natural person with the seat or residence in Croatia may be a member of the HZN and participate in its work. The members include interested Croatian manufacturers, testing and measuring laboratories and certification bodies, educational and scientific institutions, chambers of commerce, industry associations, consumer associations, and government institutions. Only 0.2 percent of the Croatian standards are of purely Croatian origin; the rest of them are adopted European and/or international standards. HZN maintains an on-line catalog of Croatian and other standards that can be mailed to interested users for a fee. As per EU directives, the Croatian standards are voluntary.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at <http://www.nist.gov/notifyus/>

Conformity Assessment

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In Croatia, the Ministry (or other government institution) responsible for preparing and implementing technical regulations for specific products is also responsible for defining the related conformity assessment procedure (for example, the Ministry of Health is in charge for medicinal products, the Ministry of Construction for construction products, the Ministry of Interior for explosives, etc., and the Ministry of Economy is in charge of the products that are not under authority of any other ministry). The basic elements of the conformity assessment procedure are defined by the Law on Technical Requirements for Products and Conformity Assessment published in Official Gazette No. 80/2013.

Product Certification

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Although the Croatian Law on General Products Safety states that all products must be safe, some products do not require certification, some can be self-certified by the manufacturer or importer, and some require a third party certification before they can be put on the market. For products that can be self-certified, a manufacturer's or importer's declaration of conformity is required and the accompanying technical documentation should be kept on file for ten years (all in Croatian language). When a third-party certification is required, the Ministry or other government institution in charge of that type of product designates appropriately equipped and trained private sector institutions to serve as conformity assessment bodies and authorizes them to issue certificates of conformity for that type of product.

Accreditation

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The [Croatian Accreditation Agency](#) is the public institution that confirms to Croatian private sector laboratories, companies and physical persons that they meet certain standards required to participate in the conformity assessment process, i.e. issues them a formal accreditation. These standards are also voluntary. They serve to facilitate the evaluation by Ministry or government institution in charge of the type of product, when deciding on the applicant's ability to be authorized as a conformity assessment body.

As a part of creating the internal market, the EU has developed harmonized standards to be used for accreditation of the third parties in the conformity assessment process in order to enable creation of an EU-wide network of equally technically capable laboratories and conformity assessment bodies whose certificates are valid throughout the EU. Each member state has designated conformity assessment bodies on its own territory that meet these standards and has notified them to the EU Commission that keeps the list of [Notified Bodies](#). Each member state is responsible for assuring the required standard quality of work of the Notified Bodies it had designated. To facilitate bilateral trade, this EU-wide network of Notified Bodies is being expanded to non-EU countries, such as EFTA countries (EEA members) and other countries (including the United States) with which the EU has concluded general Mutual Recognition Agreements (MRAs) or more detailed Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAAs).

Publication of Technical Regulations

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Technical regulations are published in the Croatian [Official Gazette](#), along with all other laws and regulations. Some technical laws and regulations have been translated into English, primarily for the needs of the EU accession process. The [U.S. Commercial Service](#) at the American Embassy Zagreb can assist U.S. exporters to find out about the legislation relevant to their type of product and can also arrange for translation services, if necessary.

Labeling and Marking

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Since Croatia entered the EU on July 1, 2013, the CE (Conformité Européenne) marking indicating compliance with EU safety standards has become automatically recognized in Croatia. More detailed information on this topic is available from the U.S. Commercial Service at the U.S. Mission to the EU in Brussels:

<http://export.gov/europeanunion/eustandardsandcertification/index.asp>

<http://export.gov/europeanunion/>

Contacts

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Croatian Standards Institute
Ulica grada Vukovara 78
Zagreb, Croatia
Tel: +385-1-610-6095
Fax: +385-1-610-9321
Website: <http://www.hzn.hr/>

Trade Agreements

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Croatia entered the EU on July 1, 2013, and is now subject to EU trade agreements:

http://ec.europa.eu/enterprise/policies/international/facilitating-trade/free-trade/index_en.htm

Web Resources

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American Chamber of Commerce in Croatia - www.amcham.hr
ATA Carnet - <http://www.atacarnet.com/>
Bureau of Industry and Security - <http://www.bis.doc.gov/>
Croatian Accreditation Agency - <http://www.akreditacija.hr/>
Croatian Chamber of Commerce - www.hgk.hr
Croatian Customs - <http://www.carina.hr/>
Croatian Government - <http://www.vlada.hr>
Croatian Official Gazette - <http://www.nn.hr/>
Croatian Standards Institute - <http://www.hzn.hr>
European Commission Representation to the Republic of Croatia - http://ec.europa.eu/croatia/index_hr.htm
European Commission – Standards and Single Market for Goods and Services - http://ec.europa.eu/enterprise/index_en.htm
Ministry of Foreign and European Affairs - <http://www.mvpei.hr>
Ministry of Economy - <http://www.mingo.hr/>
Ministry of Agriculture - <http://www.mps.hr/>

Ministry of Health - <http://www.zdravlje.hr/>
National Institute of Standards and Technology - <http://www.nist.gov/index.html>
NIST Notify U.S. Service - <http://www.nist.gov/notifyus/>
Quality Superintending Company, Ltd. - <http://www.zik.hr/>
State Office for Metrology - <http://www.dzm.hr/>
State Inspectorate - <http://www.inspektorat.hr>
U.S. Mission to the European Union -
<http://export.gov/europeanunion/eustandardsandcertification/index.asp>

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Chapter 6: Investment Climate

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Summary

For more than a decade after the end of the war in 1995, Croatia enjoyed steady growth in foreign investment, buoyed by a growing economy, low inflation, a stable exchange rate and developed infrastructure. However, investment activity slowed substantially in 2008 and has remained mostly flat since, with 2014 marking the sixth year of recession. The banking system weathered the global financial crisis well, but a bloated and complex bureaucracy, underperforming state enterprises, low transparency, and an inefficient judicial system have all contributed to poor economic performance over the past six years.

The current Government of Croatia (GOC) came into power in December 2011, and initially pledged to take urgent legislative and administrative steps to reduce barriers to investment and foster development in key sectors. However, the government has pursued limited reform initiatives in the face of persistent levels of high unemployment, though the European Union and global financial institutions have called for deeper structural reforms, particularly of the large public sector. Despite some recent progress, however, additional legal and administrative reforms are crucial for Croatia to attract a broader spectrum of investment. Privatization of state-owned assets continues to lag. Croatia became a member of the European Union in 2013. Entry into the EU should enhance stability and eventually provide new opportunities for trade and investment, but most direct economic benefits of EU entry have yet to be felt. Croatia is in line to receive a significant amount of EU funds that could spur some growth, though, like many other

new EU states, has appeared to struggle to put in place the mechanisms to rapidly absorb the funds.

Despite these challenges, Croatia is not unfriendly to U.S. or other foreign investment. The GOC frequently pledges to improve the investment climate, though steps have been halting in the face of opposition from vested interests and key groups. Investors continue to complain about high para-fiscal fees, rigid labor laws, slow and complex permitting procedures, and a slow, sometimes unpredictable legal system. A recent positive step was the announcement in April 2014 of new opportunities for investment in the exploration and production of oil and natural gas, with the first international tender in Croatia's history for offshore exploration licenses in the Adriatic Sea. Twenty offshore blocks were offered, and the process stands out as an example of efficient and transparent decision-making by the GOC. An additional announcement for onshore exploration was made in July of 2014. These represent significant investment opportunities for U.S. oil and gas companies and suppliers in this sector. The hydrocarbons sector represents the first real new investment opportunity Croatia has offered in many years.

Openness to Foreign Investment

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Attitude toward Foreign Direct Investment

Croatia is open to foreign investment, and the Croatian government continues to prioritize attracting foreign investors. All investors, both foreign and domestic, are guaranteed equal treatment by law. However, bureaucratic and political barriers remain. The greatest of these continues to be the country's inefficient and sometimes unpredictable legal system. The backlog of unresolved judicial cases peaked at 1.6 million in 2004 and has slowly been reduced to 607, 702 pending cases. Because of the large number of pending cases, even the simplest matters can take years to resolve. Investors agree that an unpredictable regulatory framework, lack of transparency in administrative procedures, and lack of structural reforms weigh heavily upon the investment climate. New corporate income tax legislation and a Strategic Investment Act, which came into force recently, are intended to help investors streamline large projects.

There are various interest groups that have been successful in stopping investments from being realized in the past, regardless of the origin of the investment. The government does make concerted efforts to counter such movements, with limited success.

Other Investment Policy Reviews

The World Bank Group published a "Doing Business" Economic Profile of Croatia in 2015.

Laws/Regulations of Foreign Direct Investment

There are no separate laws that affect incoming foreign investment. There is protection of competition of all market participants.

The Company Act defines the forms of legal organization for domestic and foreign investors. The following entity types are permitted for foreigners: general partnerships; limited partnerships; branch offices; limited liability companies; and joint stock companies. The Obligatory Relations Act regulates commercial contracts.

Industrial Promotion

Croatia published the 2014-2020 Industrial Strategy of the Republic of Croatia in October 2014, which identifies key industrial activities considered to have the greatest capacity of growth, development and employment. The sectors identified include production of basic pharmaceutical products and preparations; manufacture of computers and electronic and optical products; manufacture of fabricated metal products; computer programming, consultancy and related activities (ICT); manufacture of electric equipment and manufacture of machinery and appliances.

As part of the Strategy, the GOC also listed priorities including strategic cooperation between industry and education, restructuring public administration, stabilizing the investment climate, and developing the capital market by creating alternative sources of financing. The Ministry of Economy has the lead on industrial policy, and is open to answering inquiries regarding the application of the strategy.

The four key areas of activity defined by the Industrial Strategy are to create a stable investment environment, to promote strategic cooperation of industry and the educational system, public administration restructuring, and capital market development. Each of these priority areas has a defined set of concrete measures to achieve the set objectives.

The Strategy also defines as priority the growth of industrial production volume at an average annual rate of 2.85%; 85,619 newly employed by the end of 2020, of which at least 30% are highly educated; 68.9% labor productivity growth between 2014-2020, and 30% export increase in the same period by, to include focus on products with high added value.

Relevant contact information can be found at www.mingo.hr/default.aspx?id=3398.

Limits on Foreign Control

The Croatian government places no restrictions on foreign ownership or control. There is no sector-specific legislation that discriminates against market access. For example, over 90 % of the banking sector is foreign owned.

Privatization Program

The country continues to pursue privatizations through the Office for State Asset Management (DUUDI), formerly known as the Agency for Public Asset Management (AUDIO). The latest assessment has the Republic of Croatia owning shares in 651 companies. The value of the state's holdings in these companies is estimated at HRK 144 billion (USD 26 billion). Information on selected assets for privatization can also be found at the website of the Agency for Investments and Competitiveness (www.aik-invest.hr/en). While foreign investors generally do not face direct discrimination in privatization processes, problems with bureaucracy and timely judicial remedies can

significantly slow progress for projects. In addition, state involvement in the economy remains strong, resulting in inefficiency, overstaffing in both state-owned companies and public administration, and heavy resistance to needed structural reforms. The GOC, however, does view privatization as a means to reduce the budget deficit and increase output, and is working to privatize or seek partners in a number of state-owned assets.

Information regarding the Office for State Asset Management can be found at www.duudi.hr.

All tenders are published internationally and there are no restrictions on foreign investor participation in privatization. The bidding process is public.

Screening of FDI

There are no reviewing or screening mechanisms to exclude foreign investment, nor are there any restrictions on foreign investment. The website of the Croatian Chamber of Economy (www.hgk.hr) provides a useful English-language guide, "How to Start Up an Enterprise in Croatia," as well as sector-specific and general reports.

Competition Law

The Competition Act defines the rules and methods for promoting and protecting competition. In theory, competitive equality is the standard applied with respect to market access, credit and other business operations, such as licenses and supplies. In practice, however, state-owned enterprises and "strategic" firms may still be perceived to receive preferential treatment. The Croatian Competition Agency is the country's competition watchdog, determining whether anti-competitive practices exist and issuing sanctions on infringements. It has determined in the past that some subsidies to state-owned firms constituted unlawful state aid. Information on authorities of the Agency and past rulings can be found at www.aztn.hr.

Investment Trends

Investment is highly focused in retail, banking and tourism sector. Recently, the energy sector has become the object of increased interest, to include a first of its kind, since Croatia achieved independence, international tenders for on- and off-shore gas and oil exploration and exploitation (completed in 2015).

TABLE 1: The following chart summarizes several well-regarded indices and rankings for Croatia.

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	61 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2014	65 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	42 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

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Foreign Exchange

There are no limitations placed on converting, transferring or repatriating funds associated with an investment. The exchange rate is determined by the Croatian National Bank. The National Bank intervenes in the forex market to ensure the Euro-Croatian Kuna rate remains stable as an explicit and longstanding policy. However, the exchange rate of the Croatian Kuna to the U.S. dollar, while floating freely, is more tightly linked to the euro than the U.S. dollar.

The Croatian Constitution guarantees the free transfer and repatriation of profits and invested capital for foreign investments. Article VI of the U.S.-Croatia Bilateral Investment Treaty (BIT) establishes protection for American investors from government exchange controls that limit current and capital account transfers, and limits on inward transfers made by screening authorities. The BIT obliges both countries to permit all transfers relating to a covered investment to be made freely and without delay into and out of each other's territory. The Croatian Foreign Exchange Act permits foreigners to maintain foreign currency accounts and to make external payments.

The Foreign Exchange Act also defines foreign direct investment (FDI). For example, use of retained earnings for new investments/acquisitions is considered FDI, whereas financial investments made by institutional investors such as insurance, pension and investment funds are not. The law also liberalizes foreign exchange transactions for Croatian entities and individuals, allowing them to invest abroad.

The Government of Croatia has sufficient mechanisms in place and tools at its disposal to effectively combat money laundering and financial crimes; incidences of these activities remain rare. The Anti-Money Laundering Department, Croatia's financial intelligence unit (FIU, oversees all non-bank financial institutions and designated non-financial businesses and professions.

Croatia is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a FATF-style regional body. Its most recent mutual evaluation can be found at:
http://www.coe.int/t/dghl/monitoring/moneyval/Countries/Croatia_en.asp

Croatia is also a member of the Egmont group and exchanges information with other member countries on a regular basis. Records of exchange (although in Croatian) can be found in the Anti-Money Laundering Departments annual report at:
<http://www.mfin.hr/adminmax/docs/Godisnje%20izvjesce%20o%20radu%20Ureda%20za%202013.%20godinu.pdf>

Remittance Policies

There are not limitations, either by amount or time, to remittances. There no currency manipulation tactics in the economy or by the government. The U.S. Embassy in Zagreb has not received any complaints from American companies regarding transfers and remittances. The risk of currency devaluation or significant depreciation is low.

Expropriation and Compensation

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Croatian Law on Expropriation and Compensation gives the government broad authority to expropriate real property under various economic and security-related circumstances, including eminent domain and strategic investments. However, it includes provisions that guarantee adequate compensation, in either the form of monetary compensation or real estate of equal value to the expropriated property in the same town or city. The law includes an appeals mechanism to challenge expropriation decisions by means of a complaint to the Ministry of Justice within 15 days of the expropriation order. The law does not describe the Ministry's adjudication process, and the fact that the Ministry of Justice represents the government, which initiates expropriations, could be an area of potential concern. Parties not pleased with the outcome of the Ministry decision can take administrative action against the decision, but no appeal to the decision is allowed.

There have been no cases of expropriation of foreign investments by the government since Croatia's independence in 1991. Article III of the BIT covers both direct and indirect expropriations. The BIT bars all expropriations or nationalizations except those that are for a public purpose, carried out in a non-discriminatory manner, are in accordance with due process of law, and are subject to prompt, adequate and effective compensation.

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The legal system in Croatia is Civil and provides for ownership of property and enforcement of legal contracts. The Company Act defines the forms of legal organization for domestic and foreign investors.

The Croatian constitution provides for an independent judiciary. The judicial system consists of courts of general and specialized jurisdictions. Core structures are the Supreme Court, County Courts, Municipal Courts, and Magistrate/Petty Crimes Courts. Specialized courts include the Administrative Court and High and Lower Commercial

Courts. A Constitutional Court determines the constitutionality of laws and government actions and protects and enforces constitutional rights. Municipal courts are courts of first instance for civil and juvenile/criminal cases. The High Commercial Court is located in Zagreb and has appellate review of lower commercial court decisions. The Administrative Court has jurisdiction over the decisions of administrative bodies of all levels of government. The Supreme Court is the highest court in the country and, as such, enjoys jurisdiction over all civil and criminal cases. It hears appeals from the County, High Commercial, and Administrative Courts. The government continues efforts to reform the judiciary, including reducing the backlog of cases, reforming the land registry, training court officers and reducing the backlog and length of bankruptcy procedures.

Civil litigation regarding intellectual property is handled by commercial courts, while criminal litigation is handled by municipal and county courts. In regard to misdemeanor violations of intellectual property right laws, misdemeanor courts are responsible. Administrative courts handle administrative disputes regarding intellectual property rights.

Alternative dispute resolution has been implemented at the High Commercial Court, the Zagreb Commercial Court and six municipal courts around the country. An important move to reduce the case backlog is the ongoing redistribution of non-disputed decisions to public notaries. As of 2014, there were an estimated 607,772 pending cases in the judicial system. There has been a reduction in the backlog of enforcement cases and the enforcement of judgments, which make up over 10 percent of all pending cases.

The Act on Enforcement serves to decrease the burden on the courts by passing responsibility for the collection of financial claims and seizures to the Financial Agency (FINA), which is responsible for paying claimants once the court has rendered a decision ordering enforcement. FINA also has the authority to seize assets or directly settle the claim from the bank account of the person or legal entity that owes the claim. More information can be found at www.fina.hr. The Ministry of Justice is also pursuing a court reorganization plan that is intended to increase efficiency, and reduce the backlog of cases.

Bankruptcy

The Bankruptcy Act is internationally harmonized and corresponds to the EU regulation on insolvency proceedings and United Nations Commission on International Trade Law (UNCITRAL) Model Law on Cross-Border Insolvency. The World Bank has estimated that the recovery rate for liabilities of firms in bankruptcy in Croatia is approximately 42.9 percent of the Organization for Economic Cooperation and Development (OECD) average. The Commercial Court of the county in which a bankrupt company is headquartered has exclusive jurisdiction over bankruptcy matters. A bankruptcy tribunal decides on initiating formal bankruptcy proceedings, appoints a trustee, reviews creditor complaints, approves the settlement for creditors, and decides on the closing of proceedings. A bankruptcy judge supervises the trustee (who represents the debtor) and the operations of the creditors' committee, which is convened to protect the interests of all creditors, oversee the trustee's work and report back to creditors. The Act establishes the priority of creditor claims, assigning higher priority to those related to taxes and revenues of state, local and administration budgets. It also allows for a debtor or the

trustee to petition to reorganize the firm, an alternative aimed at maximizing asset recovery and providing fair and equitable distribution among all creditors.

The Financial Operations and Pre-Bankruptcy Settlement Act, in force since late 2012, introduced a new “pre-bankruptcy” procedure designed to expedite proceedings that have traditionally been slow and inefficient in Croatia, and establishes timeframes for the initiation of bankruptcy proceedings. One of the most important provisions of pre-bankruptcy is that it allows a firm that has been unable to pay all its bills to remain open during the proceedings, thereby allowing it to continue operations and generate cash under financial supervision in hopes that it can recover financial health and avoid closure.

Investment Disputes

There have been instances of investment disputes involving U.S. companies in Croatia. The GOC has generally been unresponsive to requests from U.S. companies to assist in resolution of long-standing disputes. As a result of the very long timeframes involved in obtaining judgments in court, in addition to questionable transparency in some cases, companies often try to resolve disputes without seeking a judicial remedy. The Embassy encourages out-of-court dispute resolution when possible.

International Arbitration

Although underutilized, both mediation and arbitration services are available through the Croatian Chamber of Economy. The Chamber’s permanent arbitration court has been in operation since 1965 (<http://en.hgk.hr/about/pemanent-arbitration-court/>). Arbitration is voluntary and conforms to UNCITRAL model procedures. The court received 34 new cases in 2013. There are currently no arbitration matters involving U.S. companies, though one U.S.-affiliated institution has been involved in an arbitration process for over two years. The Chamber’s Mediation Center has been operating since 2002; see <http://en.hgk.hr/about/mediation-centre/>. The Arbitration Act covers domestic arbitration, recognition and enforcement of arbitration rulings, jurisdictional matters and procedures. Once an arbitration decision has been reached, the judgment is executed by court order. If no payment is made by the established deadline, the party benefiting from the decision notifies the Commercial Court, which becomes responsible for enforcing compliance. Arbitration rulings have the force of a final judgment, but can be appealed within three months.

Article X of the BIT sets forth several mechanisms for the resolution of investment disputes, defined as any dispute arising out of or relating to an investment authorization, an investment agreement, or an alleged breach of rights conferred, created, or recognized by the BIT with respect to a covered investment. Croatia recognizes binding international arbitration, which may be defined in investment agreements as a means of dispute resolution. For example, the GOC currently has two open arbitration cases with a private investor in the national oil company.

ICSID Convention and New York Convention

Croatia is a signatory to the following international conventions regulating the mutual acceptance and enforcement of foreign arbitration: the 1923 Geneva Protocol on Arbitration Clauses; the 1927 Geneva Convention on the Execution of Foreign

Arbitration Decisions; the 1958 New York Convention on the Acceptance and Execution of Foreign Arbitration Decisions; and the 1961 European Convention on International Business Arbitration. In 1998 Croatia ratified the Washington Convention that established the International Center for the Settlement of Investment Disputes (ICSID).

Article 19 of the Act on Enforcement states that judgments of foreign courts may be executed only if they “fulfill the conditions for recognition and execution as prescribed by an international agreement or the law.”

Duration of Dispute Resolution

According to the 2015 edition of the EU Justice Scoreboard, resolution of non-criminal litigation lasts approximately 180 days, which places Croatia somewhere in the middle of all EU countries (http://ec.europa.eu/justice/effective-justice/files/justice_scoreboard_2015_en.pdf). Investors are often encouraged to seek arbitration over litigation due to duration of domestic procedures.

Performance Requirements and Incentives

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WTO/TRIMS

Croatia's Trade Related Investment Measures (TRIMs) agreement under the World Trade Organization (WTO) went into effect in 2000. Croatia has no trade-related investment measures in place at the present time, nor does the government intend to introduce any such measures in the future. Accordingly, Croatia did not seek to list any measures for elimination under the provisions of the WTO Agreement on TRIMs. Croatia is committed to maintaining measures consistent with the TRIMs agreement, which it has applied from its date of accession.

Investment Incentives

The Investment Promotion Act (IPA), amended in 2013, offers incentives aimed at strengthening production activities and the use of new technologies, supporting research and development activities and stimulating employment. Investment incentives apply in cases where one or more of the following objectives are fulfilled:

- purchase of new equipment and modern technologies,
- increased employment and level of training of employees,
- development of products and services with higher added value,
- increase in entrepreneurial competitiveness,
- balanced regional development of the Republic of Croatia.

Incentive measures for investment projects refer to investment projects in manufacturing and processing activities, development and innovation activities, business support activities and high added value services. Specifically, the Act provides the following incentives: for microenterprises, tax advantages, eligible costs of new jobs linked to the investment project, eligible costs of training linked to the investment project, capital costs of the investment project, and labor-intensive investment projects. Incentive measures also pertain to development and innovation activities, business support activities and high added value services.

Incentive measures can be used by enterprises registered in the Republic of Croatia investing in fixed assets the minimum amount of USD 54,000 together with creating at least 3 new jobs for microenterprises (companies with up to 10 employees) and USD 160,000 together with creating at least 5 new jobs for small, medium and large enterprises.

Of particular interest are substantial available reductions in the tax rate on profits depending on the size of the investment and the number of new jobs created. A reduction of 50 percent applies for a maximum of ten years for companies that invest up to USD 1 million and create at least five new jobs. This reduction rises to 75 percent for companies investing USD 1 to USD 3.2 million and creating at least 10 new jobs and to 100 percent for companies that invest over USD 3.2 million and create at least 15 new jobs.

Incentives for new job creation range from USD 3,200 to USD 9,700, depending on the investment. A non-refundable financial support of 10% is approved for expenses intended to create new jobs, with support ranging up to USD 3,200 per opening new jobs in counties with unemployment levels up to 10%. This support rises to 20% for opening new jobs in counties with unemployment levels between 10 to 20%, with support ranging up to USD 6,500. At last, non-refundable financial support of 30% is approved for expenses intended to create new jobs, with support up to USD 9,700 per opening new jobs in counties with unemployment levels above 20%.

Incentives for eligible costs of specific education and general education of employees connected to the investment project are approved in accordance with the regulations on state aid for education/training. The purpose of specific training is to acquire theoretical and practical knowledge which cannot be applied or can only partially be applied to other entrepreneurs or business activities. The aim of general training is to acquire general knowledge that can be applied to other entrepreneurs or business activities. The eligible costs for the purpose of training may include staff trainer costs, trainers' and trainees' travel costs, depreciation of tools and equipment to the extent that they are used for the training project, as well as trainees' costs.

The amount of incentives cannot exceed more than 50% of the eligible investment costs. Incentives are also available for development and innovation activities that improve or modernize products, production series, processes and technologies; business support activities such as customer support or logistics and distribution centers; programming and ICT centers; and activities that create tourism services with high value added, such as accommodations, health tourism, conference tourism, nautical tourism, cultural tourism, as well as entertainment and recreation centers.

Incentives for capital costs of the investment project are approved for investments over USD 5.4 million, generating 50 new jobs in the period of 3 years from the beginning of the investment. The following incentives can be approved in the amount of 10% of the eligible cost of investment for construction of the new factory, production facility or tourist facility, hospitality object, or for buying new machines (max amount up to USD 0.5 million) in counties where unemployment rate is from 10-20%. The incentive rises to 20% of the eligible cost of investment (max amount up to USD 1 million) in counties where unemployment rate is above 20%.

Incentives for labor-intensive investment projects apply to labor-intensive investments creating new jobs within three years from the start of the investment. The incentive in the amount of 25% is approved for investment projects creating 100 and more jobs. The amount of incentive rises up to 50% for creating 300 and more jobs and the incentive in the amount of 100% refers to creating 500 and more jobs.

A Strategic Investments Act went into effect in November 2013, intended to facilitate and accelerate procedures for projects deemed to be of strategic interest for Croatia based on 12 conditions listed in the Act. Strategic projects can include private or public investments in the economy, energy, tourism, transport, infrastructure, electronic communication, postal services, environmental protection, public utilities, agriculture, forestry, water management, fishery, health care, culture, science, defense, judiciary, technology and education. Private investment projects refer to the investments in Production and Processing Activities, Development and Innovation Activities, Business Support Activities, Activities of High Added Value Services, Activities in Energy Sector, Infrastructure and Activities related to Agriculture and Fisheries. A project may be considered strategic if it contributes to the employment of a large number of people, improves manufacturing or service standards, implements or develops new technologies, offers sustainable growth, or helps advance the competitiveness of the economy.

The minimum amount for an investment to be considered strategic is approximately USD 21 million. All investments over this amount are considered strategic, and will be entitled to accelerated permitting and registration procedures. Investments will also be treated as strategic if they are valued at USD 2.8 million or more, and are implemented in the assisted areas, or in the units of local (regional) self-government of the 1st group or in the units of local self-government of the 1st and 2nd groups, in accordance with the act governing the regional development of the Republic of Croatia. Furthermore, the investments will be considered as strategic if they are implemented on the islands or are in the agriculture and fisheries sector. If the project has the possibility to be co-financed from the funds and programs of the European Union, the minimum amount for investment can be USD 10.6 million.

A guide for investors interested in applying for status under the Strategic Investments Act can be found at www.mingo.hr/userdocs/images/Vodici/Zakon%20o%20strate%C5%A1kim_vodi%C4%8D_eng_12.pdf. A provisional translation of the Act is available at <http://www.mingo.hr/default.aspx?id=3221>.

The Act on Spatial Planning and Construction allows investors to secure permits through an e-licensing system, which is a novelty in otherwise cumbersome permit acquisition procedures. The investor may obtain a license valid for three years, which will allow for a three percent change in the dimensions of the project from start to finish. The e-licensing system can be accessed at <https://dozvola.mgipu.hr/>.

Research and Development

All foreign and domestic companies can participate in government financed or subsidized research and development programs. Foreign and domestic companies are viewed as equals in legislation that refers to participation on the market, in any form.

Performance Requirements

Croatian law does not impose performance requirements on foreign or domestic investors. Article VII of the U.S.- Croatia Bilateral Investment Treaty (BIT) in force since 2001 prohibits mandating or enforcing specified performance requirements as a condition for a covered investment. The list of prohibited requirements is exhaustive and covers domestic content requirements and domestic purchase preferences, the “balancing” of imports or sales in relation to exports or foreign exchange earnings, requirements to export products or services, technology transfer requirements and requirements relating to the conduct of research and development in the host country. Article VII of the BIT makes clear, however, that a party may impose conditions for the receipt or continued receipt of benefits and incentives.

The Ministries of Economy and Defense operate an offset program for defense procurements worth over EUR 2 million, requiring local sourcing of a portion of the contract. More information on the application and regulation of the offset program can be found at www.hgk.hr/djelatnost/gosp_industrija/offset-program.

Although procedures for obtaining business visas are generally clear, they can be cumbersome and time-consuming. Foreign investors should familiarize themselves with the provisions of the Act on Foreigners. Questions relating to visas and work permits should be directed to the Croatian embassy or a Croatian consulate in the United States. The U.S. Embassy in Zagreb maintains a website with information on this subject at zagreb.usembassy.gov/service/other/entry.html.

Data Storage

There are no “forced localization” policies for investors in terms of goods and technology. Foreign IT providers are not required to turn over source code or give access to surveillance. There are no requirements for investors to maintain or store data within the territory of Croatia.

Right to Private Ownership and Establishment

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Both foreign and domestic legal entities have the right to establish and own businesses and engage in remunerative activity. Foreign investors can acquire ownership and shares of joint stock companies. The lowest amount of initial capital for establishing a joint stock company is HRK 200,000 (USD 35,000) and the nominal value per share cannot be less than HRK 10 (USD 1.75). The minimum initial capital for establishment of a limited liability company is HRK 20,000 (USD 3,500), while individual representation per investor cannot be less than HRK 200 (USD 35). The Company Act was amended in 2012 to make it easier and less costly to establish a small business. Article 49 of the Constitution provides that all entrepreneurs have equal legal status, and that monopolies are forbidden.

The government’s e-government initiative “Hitro.hr” (www.hitro.hr) provides an on-line business registration component that reduces the time it takes to register a company to four days. Hitro.hr offices are located in more than 60 Croatian cities and towns. Business registration is the first step in a plan to make more government services available on line in the coming years.

Real Property

The right to ownership of private property is established in the Croatian Constitution and in numerous acts and regulations. A foreign physical or legal person incorporated under Croatian law is considered to be a Croatian legal person. The Ownership and Property Rights Act establishes procedures for foreigners to acquire property by inheritance as well as legal transactions such as purchases, deeds, and trusts.

In order to acquire property by means other than inheritance or as an incorporated Croatian legal entity, foreign citizens require the approval of the Ministry of Justice. Approval often takes months or longer, owing to a lengthy interagency clearance process. While citizens of EU member states are afforded the same rights as Croatian citizens in terms of purchasing property, the right of all other foreigners to acquire property in Croatia is based on reciprocity. Reciprocity exists on a state-by-state basis with the United States. Croatia's Ministry of Foreign and European Affairs has confirmed the existence of reciprocity for real estate purchases for residents of the following states: Alabama, Arizona, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Louisiana, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, New York, North Carolina, North Dakota, Rhode Island, Tennessee, Texas, Virginia, Washington, West Virginia, as well as Iowa and Oklahoma (with a condition of permanent residence). Residents of other states could face longer waiting periods while the Ministry confirms that Croatian nationals can purchase real estate in those states without restrictions.

However, a foreign investor, incorporated as a Croatian legal entity, may acquire and own property without ministry approval. The purchase by any private party of certain types of land (principally land directly adjacent to the sea or in certain geographically designated areas) can be restricted. Both Croatian and foreign citizens may mortgage property and pledge real and tangible property.

When purchasing land for construction purposes, potential buyers should determine whether the property is classified as agricultural or construction land. The Agricultural Land Act allows for additional fees of up to 50 percent of the value of the land to be diverted from agriculture due to construction; as such, this law should be considered when purchasing land. The Agricultural Land Agency works with local governments to review potential agricultural land purchases. However, the Agricultural Land Act no longer covers the sale of privately owned farmland, which is now treated solely as the subject of a sales agreement between the parties. However, buyers of this type of land should be aware of potential unresolved issues with land ownership.

Clarifying Croatia's land registry system is an ongoing process. Although Croatia continues to process a backlog of cases, potential investors should seek a full explanation of land ownership rights before purchasing property. Note that Croatia's land records are available on line (see www.pravosudje.hr and www.katastar.hr). There can be ambiguous and conflicting claims to property, making it necessary to verify that the seller possesses clear title to both land and buildings (which can be titled and owned separately). Inheritance laws have led to situations in which some properties can have dozens of legal owners, some of whom are deceased and others of whom emigrated and cannot be found.

It is also important to verify the existence of necessary building permits, as some newer structures in coastal areas have been subject to destruction at the owner's expense and without compensation for not conforming to local zoning regulations. Investors should be particularly wary of promises that structures built without permits will be regularized retroactively. The Act on Legalization of Buildings and Illegal Construction came into effect in August 2012 and should help to resolve ambiguities regarding ownership of real estate.

Land ownership is distinct from ownership of buildings or facilities on the land. Investors interested in acquiring companies from the Office for State Asset Management (DUUDI) should seek legal advice to determine whether any deal also includes the right to ownership of the land on which a business is located, or merely the right to lease the land through a concession.

Inconsistent regulations and restrictions on coastal property ownership and construction have also provided challenges for foreign investors in the past. Legislation restricts coastal construction and commercial use within 70 meters of the coastline.

For all these reasons, it is highly advisable to seek competent, independent legal advice in this area. The U.S. Embassy maintains a list of English-speaking attorneys (zagreb.usembassy.gov/service/special-consular-services.html).

Intellectual Property Rights

Croatian intellectual property rights (IPR) legislation includes the Patent Act, Trademark Act, Industrial Design Act, Act on the Geographical Indications of Products and Services, Act on the Protection of Layout Design of Integrated Circuits, and the Act on Copyrights and Related Rights. Texts of these laws are available on the website of the State Intellectual Property Office (www.dziv.hr). Although some areas of IPR protection remain problematic, Croatia is currently not on the U.S. Special 301 Watch List nor is it listed in the notorious market report. Problem areas continue to be concentrated in piracy of digital media and counterfeiting. Due to its geographical position, Croatia is also one of the transit routes for various contraband products bound for other countries in the region. There have been no problems reported with regard to registration of intellectual property in Croatia by American companies.

Croatian law enforcement officials keep public records of seized counterfeit goods. According to the latest available report from the State Agency for Intellectual property, in 2013, 360,571 counterfeit goods were seized, valued at approximately USD 34 million. Of the goods seized, over 50 percent were clothing, while 35 percent included sunglasses, purses and jewelry. Croatian customs officials and Ministry of Interior work together to locate and seize such goods.

As a WTO member, Croatia is a party to the Uruguay Round Agreement on Trade-Related Intellectual Property Rights (TRIPS). Croatia is also a member of the World Intellectual Property Organization (WIPO). For a list of international conventions to which Croatia is a signatory, consult the State Intellectual Property Office's website at www.dziv.hr.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

The person at U.S. Embassy Zagreb currently responsible for handling IPR related issues is Diana Matijas Vengar (+385 1) 661-2200. Contact information for the American Chamber of Commerce in Croatia can be found at www.amcham.hr.

Website for lawyers' list: <http://www.hok-cba.hr/en/phonebook>

Transparency of Regulatory System

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Croatia's adoption of EU laws, norms, and practices has provided pressure for reform in recent years. Nevertheless, bureaucracy and regulation remain overly complex and time consuming.

The Public Procurement Act makes public procurement more transparent, as it entails strict obligations for disclosure of public procurement on the internet. The law is intended to make the procurement process easier for businesses bidding on public tenders by cutting bureaucratic procedures. The law requires the publication of all procurement procedures valued at more than HRK 200,000 (USD 34,700) for goods and services and for construction work valued at more than 500, 000 HRK (USD 87,000). A website detailing all published public procurement transactions can be found at <http://nabava.vjetrenjaca.org/>, created to draw attention to the procurement procedure and possible controversies surrounding it.

New legislation and changes to existing legislation which could have a significant impact on citizens are made available for public debate. Although Croatia's regulatory system does not specifically discriminate against foreign investors, transparency in developing legislation and regulation is often hampered by an inefficient public administration, lack of intra-governmental coordination, and reliance on expert advice from "national champions," sometimes giving the latter a privileged position in influencing new regulations.

The tax on corporate profit is a flat 20 percent. A 12 percent tax is charged on dividends and capital gains that exceed HRK 12,000 (USD 2,100). For a detailed description of existing tax legislation, please consult the Tax Administration's website at www.porezna-uprava.hr/en_propisi/_layouts/in2.vuk.sp.propisi.intranet/propisi.aspx. The Institute of Public Finance maintains a useful table of Croatian taxes at www.ijf.hr/upload/files/file/ENG/taxtable.pdf.

Croatia also maintains a 25 percent value-added tax (VAT). Some companies have had difficulty with the tax authorities due to differing understandings of how certain goods and services are affected by VAT. Detailed information about customs can be found at www.carina.hr.

Investors have complained that the tax code is not applied equally, nor are tax opinions of a binding nature, which makes it difficult to plan for future costs of investment. There are also a number of so-called "para-fiscal" fees, which are an extra burden to business. The business community is currently working with the government to try to identify which of these fees will be eliminated.

Efficient Capital Markets and Portfolio Investment

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Croatia's securities and financial markets are open equally to domestic and foreign investment. Foreign residents may open non-resident accounts and may do business both domestically and abroad. Article 24 of the Foreign Currency Act states that non-residents may subscribe, pay in, purchase, or sell securities in the Republic of Croatia in accordance with regulations governing securities transactions. Non-residents and residents are afforded the same treatment in spending and borrowing. These and other non-resident financial activities regarding securities are covered by the Foreign Currency Act, available on the central bank website (www.hnb.hr).

The Capital Markets Act regulates all aspects of securities and investment services, and defines the responsibilities of the Croatian Financial Services Supervisory Agency (HANFA). The Act also specifies who is responsible for information listed in a prospectus, and obligates the issuer to publish periodic financial reports as well as information about changes in corporate structure and voting rights. The Act was amended in 2013 to fully harmonize with European Union directives on capital markets. The full text of the Act and amendments are found at the HANFA website (www.hanfa.hr/EN/nav/189/capital-market-act-.html), in Croatian language.

Securities are traded on the Zagreb Stock Exchange (ZSE), established in 1991. There are three tiers of securities traded on the ZSE. The Securities Act requires that all companies with more than 100 shareholders and share capital of at least HRK 30 million (USD 5.5 million) be listed as public stock companies. The intention of this law was to increase transparency and encourage companies to obtain low-cost equity financing, which would result in higher turnover and trading volumes. Companies must meet high disclosure and operating requirements to be fully listed. A detailed explanation of all requirements is provided at www.zse.hr in English.

Only authorized companies (brokerage houses and banks) may deal in securities in Croatia. Such activities must be licensed by HANFA and entered in a court register. A brokerage may only be a private or public limited company based in the Republic of Croatia, and its only permitted activity is transactions in securities. The type of permitted activity depends on the amount of share capital. A brokerage company may establish a branch abroad in order to deal in securities in the respective country. Foreign brokerage companies authorized for transactions in securities may establish a branch in Croatia, provided they obtain a license from HANFA. The Investment Fund Act provides for the establishment of derivative funds, index funds and other funds in accordance with EU legislation.

Money and Banking System, Hostile Takeovers

The private sector, both domestic and foreign owned, enjoys open access to credit on market terms. The banking sector is now overwhelmingly privatized and consolidated, highly developed, and becoming more competitive. More than 90 percent of total banking sector assets are foreign-owned. As of February 2015 there were 30 commercial banks and five savings banks, with assets totaling HRK 411 billion (USD 74 billion). The largest bank in Croatia is Zagrebacka Banka, with assets of HRK 106.8 billion (USD 19 billion), for a market share of 26.9 percent of total banking assets in Croatia. Second-largest is Privredna Banka, with HRK 65.8 billion (USD 11.5 billion), or 16.5 percent of total banking assets. The third largest is the Erste Bank, with assets of HRK 60.1 billion (USD 10.5 billion), for a 15.11 percent market share in Croatia.

The government uses the market to finance government expenditure. Government debt instruments must be bought through an intermediary such as a commercial bank, and are tradable on exchanges. Nearly all Croatian workers under age 40 are required to pay five percent of their gross salary into a pension fund of their choice. Additional voluntary savings with government matching of 25 percent has also been introduced.

Measures governing takeovers are prescribed by the Act on Takeovers of Joint Stock Companies, which has been harmonized with EU requirements. The Act was amended in order to improve shareholders' protection in the takeover process, and to unambiguously spell out the rights and obligations of acquirers. To date, there has only been one attempted hostile takeover on the ZSE, which failed.

Competition from State Owned Enterprises

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Legislation provides that private enterprises are allowed to compete with state-owned enterprises (SOEs) under the same conditions with respect to access to markets, credit and other business operations. In practice, however, there are often accusations that political influence in the SOEs has a negative effect on competition and tenders. The State Property Management Act regulates the Office for State Asset Management (DUUDI), which is responsible for all SOEs and their activities in sectors as diverse as railways, electricity, shipbuilding and tourism. The supervisory boards of SOEs are currently structured to include government figures, most often ministers and the boards often report directly to the government. It should be noted that companies the GOC deems to be of strategic importance will not be privatized.

Many SOE's are currently struggling to survive the weak economy and are at a disadvantage in terms of restructuring, as constraining collective agreements make it difficult to downsize and rationalize company structure, which makes the companies less competitive than similar privately-owned companies. SOEs are currently not in a position to invest in R&D at the same rate as their private sector competitors, and the GOC is hoping to privatize shares of SOEs to raise funds for R&D.

OECD Guidelines on Corporate Governance of SOEs

In terms of SOEs, the Croatian Government adopted a Strategy for the Management of State Assets in 2013, which includes a section dedicated to the governance of state-owned enterprises. The strategy provides medium-term objectives and guidelines for managing state owned assets and is aimed at ensuring long-term efficient and transparent management. The strategy includes OECD Guidelines as a basis for SOE corporate governance in Croatia.

Corporate governance is regulated by law, and a Corporate Governance Code of Ethics was established by the HANFA for the ZSE. SOEs are subject to the same taxation policies as private sector competitors. They are required to submit annual reports and to undergo independent audits. Publicly listed companies are required to upload their annual corporate governance reports on the ZSE website. The latest copy of the Corporate Governance annual report can be found at www.hanfa.hr/EN/nav/111/giku---englsih.html.

In addition, the Accounting Act requires large companies to apply International Financial Reporting Standards (IFRS). Small and medium-sized businesses may apply Croatian Financial Reporting Standards.

Sovereign Wealth Funds

The Republic of Croatia does not own any sovereign wealth funds.

Corporate Social Responsibility

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The Croatian Business Council for Sustainable Development (www.hrpsor.hr) promotes corporate social responsibility (CSR), and is a member of CSR Europe's Network of National Partner Organizations, Global Compact and the Global Reporting Initiative. The Croatian Chamber of Economy adopted a Code of Business Ethics in 2005 and founded the Community for Corporate Social Responsibility. The Chamber also grants an annual award to companies considered leaders in CSR. Their website includes annual reports by leading companies that detail activities related to corporate social responsibility as well as a list of companies with best practices.

OECD Guidelines for Multinational Enterprises

Croatia is not an adherent to the OECD Guidelines, however, the European Union, which is committed to the implementation and success of the OECD Guidelines, encourages both local and foreign companies to implement and follow the Guidelines within all EU countries.

Political Violence

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The risk of political violence in Croatia is low. Following the breakup of Yugoslavia and the subsequent wars in the region, Croatia has emerged as a stable, democratic country and is a member of NATO and the European Union. Relations with neighboring countries are generally good and improving, although some disagreements regarding border demarcation and residual war-related issues persist.

There is little domestic anti-American sentiment. There have been no reported incidents involving politically motivated damage to American projects or installations in Croatia.

Corruption

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The business community and others note the existence of corruption in Croatia, especially in the health sector, public procurement systems, and the construction sector. During years of intensive reform in preparation for its accession to the EU, Croatia invested considerable efforts in establishing a wide-ranging legal and institutional anti-corruption framework so as to foster a more comprehensive approach. It has put in place a number of anti-corruption strategies, the most recent in 2015, which was adopted by the Croatian Parliament on February 27. An implementation plan is under development. Croatian prosecutors have secured corruption convictions against a number of high-level former GOC officials, including the former Prime Minister, former ministers, other high-ranking officials, and senior managers from state-owned companies.

The Law on Criminal Procedure grants prosecutors the leading authority to investigate crimes, including organized crime and corruption. Croatian prosecutors and police officers have proven to be proactive, and have developed a good track record of investigations into allegations of high-level corruption. The recent first instance conviction of a former Prime Minister for corruption and the ongoing criminal proceedings against a number of former ministers illustrate allegedly illegal links between politicians and businesses, often related to public procurement. While the high-level investigations signal the political will to prosecute high-level corruption, challenges still remain, notably when it comes to the effectiveness of the institutional framework and internal control mechanisms at both central and local levels, and the inter-institutional coordination, both horizontal and vertical, of anti-corruption policies.

The State Prosecutor's Office for the Suppression of Corruption and Organized Crime (USKOK) is tasked with directing police investigations and prosecuting these cases. USKOK is headquartered in Zagreb, with offices in Split, Rijeka and Osijek. In addition, the National Police Office for Suppression of Corruption and Organized Crime (PN-USKOK) conducts corruption-related investigations and is based in the same cities. Specialized criminal judges are situated at the four largest county courts in Croatia, again in Zagreb, Rijeka, Split, and Osijek, and are responsible for adjudicating corruption and organized crime cases. The cases receive high priority in the justice system. The Ministry of Interior, the Office for Suppression of Money Laundering, the Tax Administration, the Anti-Corruption Sector of the Ministry of Justice, all have a proactive role in combating and preventing corruption.

Croatia has adequate laws, regulations and penalties to effectively combat corruption. The Criminal Code and the Criminal Procedure Act define the tools available to the investigative authorities to fight corruption. The criminal code also provides for asset seizure and forfeiture. The criminal code also provides for asset forfeiture. If a case falls under USKOK's jurisdiction, it is assumed that all of a defendant's property was acquired through criminal offences unless the defendant can prove the legal origin of the assets in question. Pecuniary gain in such cases is also confiscated if it is in possession of a third party (e.g. spouse, relatives, or family members) and was not acquired in good faith.

Croatian laws and provisions regarding corruption apply equally to domestic and foreign investors. The Croatian Criminal Code covers such acts as trading in influence, abuse of official functions, bribery in the private sector, embezzlement of private property, money laundering, concealment and obstruction of justice. In 2010, the legal framework to combat corruption was further improved; the Act on the Office for the Suppression of Corruption and Organized crime provides broad authority to prosecute tax fraud linked to organized crime and corruption cases.

Additional laws for the suppression of corruption include: the State Attorney's Office Act; the Public Procurement Act; the Act on Procedure for Forfeiture of Assets Attained Through Criminal Acts and Misdemeanors; the Budget Act; the Courts Act; the Conflict of Interest Prevention Act; the Corporate Criminal Liability Act; the Money Laundering Prevention Act; the Witness Protection Act; the Personal Data Protection Act; the Right to Access Information Act; the Act on Public Services; the Code of Conduct for Public Officials; and the Code of Conduct for Judges. The Labor Act contains whistleblower protections, but their effectiveness has yet to be proven.

Croatia has not ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, but it is a member of the Group of States Against Corruption (GRECO), a peer monitoring organization that allows members to assess anticorruption efforts on a continuing basis. Croatia has been a member of INTERPOL since 1992. Croatia cooperates regionally through the Southeast European Co-operative Initiative (SECI), the Southeast Europe Police Chiefs Association (SEPCA), and the Regional Anti-Corruption Initiative (RAI). Croatia is a member of Eurojust, the EU's Judicial Cooperation Unit, and is a signatory to the UN Convention Against Corruption.

The Croatian Criminal Code includes penalties for both giving and accepting bribes (at Articles 253, 293 and 294), which range from six months to ten years imprisonment. Trading in influence (Article 295) is punishable by six months to five years imprisonment, and engaging in bribery related to trade in influence (Article 296) by one to eight years. Bribes by a local company to a foreign official are also punishable under Croatian law. If it is established that a local company is engaged in criminal behavior, the company may also be banned from conducting operations, depending on the gravity of the crime.

Transparency International Croatia is the main non-governmental watchdog involved in anti-corruption efforts. In addition, GONG, a non-partisan citizens' organization founded in 1997, monitors election processes, educates citizens about their rights and duties, encourages communication between citizens and their elected representatives, promotes transparency within public services, manages public advocacy campaigns, and assists citizens in self-organizing initiatives. The Partnership for Social Development is another nongovernmental organization active in Croatia dealing with the suppression of corruption.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Croatia has signed and ratified the UN Anticorruption Convention. Croatia has signed but not ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

Contact information for Transparency International can be found at www.transparency.hr/en/contact. Contact information for GONG can be found at: <http://gong.hr/hr/o-gong-u/kontakt/>.

Bilateral Investment Agreements

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Croatia does not have a foreign investment law; foreigners receive national treatment under existing legislation. Investments by American citizens are covered by the U.S.-Croatian Bilateral Investment Treaty (BIT), which entered into force in June 2001. The treaty fulfills the principal U.S. objectives for agreements of this type.

All forms of U.S. investment in Croatia are covered; covered investments receive the more favorable option of national treatment or most-favored-nation (MFN) treatment, both while being established and thereafter, subject to certain specified exceptions; specified performance requirements may not be imposed upon or enforced against covered investments; expropriation is permitted only in accordance with customary

standards of international law; and parties are obligated to permit the transfer, in a freely usable currency, of all funds related to a covered investment, subject to exceptions for specified purposes.

Investment disputes with the host government may be brought by investors, or by their covered investments, to binding international arbitration as an alternative to domestic courts

For further information about BITs and for the text of the U.S.-Croatian BIT please see www.state.gov/e/eb/afd/bit/117402.htm (under "Croatia").

Croatia has signed investment protection treaties/agreements with the following countries, but not all of the agreements have entered into force:

Albania, Argentina, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Cambodia, Canada, Chile, China, Cuba*, Czech Republic, Denmark, Egypt, Finland, France, Greece, Germany, Hungary, India, Indonesia*, Iran, Israel, Italy, Jordan, Kuwait, Latvia, Libya, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Moldova, Mongolia*, Morocco*, Netherlands, Oman**, Poland, Portugal, Qatar**, Romania, Russia**, San Marino, Serbia, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Kingdom, United States, Zimbabwe**.

Bilateral Taxation Treaties

Croatia and the United States do not share a bilateral taxation treaty or a free trade agreement.

Croatia has entered into bilateral tax treaties with the following countries:

Albania, Armenia, Austria, Azerbaijan, Belgium, Belarus, BiH, Bulgaria, Montenegro, Czech Republic, Chile, Denmark, Estonia, Finland, France, Greece, Georgia, Indonesia, Iran, Ireland, Iceland, Italy, Israel, Jordan, South Africa, Canada, Qatar, China, Korea, Kuwait, Latvia, Hungary, Macedonia, Malaysia, Malta, Morocco, Mauritius, Moldova, Netherlands, Germany, Norway, Oman, Poland, Romania, Russia, San Marino, Syria, Slovak Republic, Slovenia, Serbia, Spain, Sweden, Switzerland, Turkey, Ukraine, and Great Britain.

OPIC and Other Investment Insurance Programs

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Croatia is eligible for financing and political risk insurance coverage from the U.S. Overseas Private Investment Corporation (OPIC). As of 2014, OPIC's active projects have included USD 88 million in funding and insurance for construction and financial services in Croatia. For more information about OPIC, see www.opic.gov.

Croatia is a member country of the World Bank Group's Multilateral Investment Guarantee Agency (MIGA). For more information see www.miga.org.

Labor

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Croatia has an educated, highly skilled, and relatively high cost labor force compared to regional averages. The estimated average cost per worker to employers in Croatia was HRK 7,809 (approximately USD 1,409) per month as of February 2015, and the average net wage was HRK 5,427 (USD 1,005). The minimum wage, currently HRK 3,017 (approximately USD 505) is regulated by the Minimum Wage Act, which ensures a continuous minimum wage increase over longer periods of time. Minimum wage increases are calculated from the minimum-to-average wage ratio from the previous year, increased by the percentage of real GDP growth in the previous year. High unemployment figures continue to plague Croatia, putting Croatia as 4th highest for 2014 in comparison with other EU countries. Latest official figures from February 2015 currently note 20.3% overall unemployment, while youth unemployment stands at 40%. However, the government has committed to increasing jobs, especially for youth, through various programs funded by the European Union.

The Labor Act regulates employee and employer relations through employment contracts. Full-time employment must not exceed 40 hours per week, plus a maximum of eight hours paid overtime, and employees are entitled to at least four weeks of paid annual leave and seven days of personal leave. The Labor Act also provides special protections for workers in dangerous occupations, for those who work at night, and for minors aged 15 to 18. Legislation is harmonized with both EU legislation and international standards. Companies report that Croatia's labor law makes it relatively expensive to hire and dismiss employees in comparison to the United States and other countries in Europe at the same level of development.

Labor legislation protects the right of most workers, including police but excluding active military personnel, to form or join unions of their choice without previous authorization or excessive requirements. There are no regulations or statutory limitations blocking workers from forming or joining unions. Unions have a strong role independent of political parties and they have so far been successful in preventing large scale changes in labor laws. However, unions mainly represent workers whose salaries are linked to the State budget.

Labor legislation provides for the right to strike and to bargain collectively but with some limitations. Workers may strike only at the end of a contract or in specific circumstances cited in the contract after they have gone through mediation. Either side in the mediation process may decide that the process is not progressing towards a solution, and the workers may then strike. When negotiating a new contract, workers are also required to go through mediation before striking. Labor and management must jointly agree on a mediator if a dispute goes to mediation. If a strike is found to be illegal, any participant may be dismissed and the union held liable for damages. The law prohibits antiunion discrimination and expressly allows unions to challenge firings in court; however, in general, attempts to seek redress through the legal system are seriously hampered by the inefficiency of the court system. The law requires reinstatement if an employee is found by a court to have been terminated for union activity.

Amendments to Croatia's labor laws have been aimed at shortening the mandatory notification period before employee dismissal, and reducing severance package requirements. However, due to strong collective agreements, it is often difficult to dismiss employees who are covered by such agreements, especially in state-owned enterprises. The Act on Representation, which deals separately with collective bargaining, limits the period that collective agreements remain in force once they have

expired. Further liberalization of labor legislation has been controversial in Croatia, and labor unions come out strongly against any changes perceived to be detrimental to job security.

Articles 73-85 of the Act on Foreigners covers the issuance of work permits for foreigners. While there are quotas (determined annually) for work permits for foreigners, there are no quotas for foreigners who execute key positions in companies or representative offices. Likewise, there are no quotas for business visas.

Foreign-Trade Zones/Free Ports

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Croatia has several Free Trade Zones (FTZs), some of which are in areas affected by war in the 1990s. Special incentives are offered to users of FTZs, although these zones have lost some of their meaning since Croatia joined the European Union and its customs area as of 2013.

The Act on Free Trade Zones allows foreign-owned or domestic companies in FTZs to engage in manufacturing, wholesale (but not retail) trade, foreign trade, banking and other financial activities. The Act also defines the payment structure for profit taxes through 2017. The Act on Profit Tax covers business in FTZs, but users are eligible for tariff waivers on imported products. FTZs are exempted from any Croatian emergency measures or other restrictions pertaining to foreign trade or currency transactions. Users of the zones may freely store their goods and production equipment in the zones, and enjoy simpler customs procedures. Tax and customs exemptions ceased to be valid once Croatia joined the European Union on July 1, 2013.

The Ministry of Entrepreneurship is responsible for overseeing the operation of FTZs. The following locations currently have FTZs: Kukuljanovo, Osijek, Rijeka, Slavonski Brod, Split, Splitsko-Dalmatinska, Ploce, Pula, Varazdin, Zagreb. Detailed information regarding the laws and procedures that cover the use of FTZs can be found at www.croatianfreezones.org

Foreign Direct Investment Statistics

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TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	

Host Country Gross Domestic Product (GDP) (\$M USD)	2013	57,500	2014	57,870	www.worldbank.org/en/country
	2014	57,200			
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	18.7	2013		www.bea.gov
	2014	6.5	2014	143	http://www.bea.gov/scb/pdf/2014/09%20September/0914_outward_direct_investment_tables.pdf
					www.hnb.hr *
Host country's FDI in the United States (\$M USD, stock positions)	2013	22.4	2013	5	http://www.bea.gov/scb/pdf/2014/09%20September/0914_outward_direct_investment_tables.pdf
	2014	-0.5	2014		www.hnb.hr
Total inbound stock of FDI as % host GDP	2013	2.4%	2013	4.5%	
	2014	4.6%	2014		

*www.hnb.hr

Discrepancies in figures are due to different methodologies for calculation used by the Republic of Croatia and United States.

Note: World Bank and U.S. Bureau of Economic Analysis do not have GDP data available for 2014 at time of publishing.

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	32,452	100%	Total Outward	4,330	100%
Austria	11,285	35%	Bosnia Herzegovina	810	19%
Hungary	4,128	13%	Slovenia	764	18%
Germany	3,517	11%	Serbia, Republic of	746	17%
Netherlands	2,908	9%	Syrian Arab Republic	424	10%
Luxembourg	1,871	6%	Marshall Islands, Republic	369	9%

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Information regarding sources of portfolio investment is not available for Croatia.

For more information on the investment climate in Croatia, you may contact:

Economic Section
 U.S. Embassy Zagreb
 Ulica Thomasa Jeffersona 2, 10010 Zagreb
 Tel (+385 1) 661-2200
 E-mail: InvestmentClimateCroatia@state.gov

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Croatian Chamber of Commerce – www.hgk.hr
 Croatian National Bank – www.hnb.hr
 Zagreb Stock Exchange – www.zse.hr
 Croatian Business Council for Sustainable Development - www.hrpsor.hr
 Croatian office of the World Bank - www.worldbank.hr
 Croatian Government – www.vlada.hr

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How Do I Get Paid (Methods of Payment)

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Croatian importers utilize most of the standard payment methods available in international commerce.

American exporters should offer quotations based on the f.o.b. value at the port of export. As a general rule, such quotations should also include a statement of the actual charges for freight and insurance plus any additional charges to the port of delivery. Quotations are usually in terms of the currency of the country of origin. The terms of payment for imported goods vary according to the type of buyer and the buyer's access to capital. Large organizations such as the government or mining companies tend to transact business on a sight-draft basis, while small companies tend to operate on documents against acceptable terms. Payment between 80 and 120 days after acceptance is most common, but terms may vary between 30 and 180 days. For larger orders of capital equipment, longer terms are often required. It is advisable to ship on a letter of credit, sight letter of credit, or 30-day letter of credit basis that the importer can use as a negotiating instrument to expedite the payment transfer. The payment transfer can be affected within 24 to 48 hours after the importer presents a valid import permit and proper documents to his or her bank.

How Does the Banking System Operate

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Notwithstanding unfavorable economic developments in the period from 2009 to 2014, banking is still considered to be one of the strongest sectors of Croatian economy. This is primarily thanks to efficient regulation and relatively disciplined borrowers.

The Croatian National Bank (CNB, www.hnb.hr) is the independent regulator for 30 banks and 5 housing savings banks. Established in 1990, the CNB is tasked with monetary and exchange rate policies, issuing money and maintaining national monetary reserves. The CNB also regulates and supervises credit institutions, issues and revokes their licenses, and manages the interbank Real Time Gross Settlement System. The instruments of the monetary policy at the CNB's disposal are market operations (repo and reverse repo auctions), intra-day and overnight Lombard loans, mandatory reserve requirement (currently at 12 percent of total liabilities), CNB bills auctions and short-term liquidity loans. In order to manage the exchange rate, the CNB uses daily auctions and

the minimum mandatory FX requirement (currently at 17 percent of total foreign currency liabilities). The CNB publishes decisions related to banking regulations on its official web pages (<http://www.hnb.hr/propisi/epropisi.htm>).

The CNB became an integral part of the European System of Central Banks (ESCB) and started to carry out its tasks in accordance with the Statute of the ESCB and the ECB on July 1, 2013 with Croatian accession to the European Union. Once Croatia meets Maastricht requirements and introduces the Euro as the official currency of the Republic of Croatia, the CNB will transfer its monetary powers to the ECB.

	Dec. 2012		Dec. 2013		Sept. 2014	
	Number of banks	Share	Number of banks	Share	Number of banks	Share
Domestic ownership	15	9.9	14	10.3	13	10
Domestic private ownership	13	5.2	12	5.1	11	4.7
Domestic state ownership	2	4.8	2	5.3	2	5.3
Foreign ownership	16	90.1	16	89.7	17	90
Total	33	100.0	32	100.0	30	100.0

Percentage of domestic and foreign-owned banks in Croatia, source: the Croatian National Bank

90 percent of all bank assets (\$71 billion in September 2014) in Croatia are foreign-owned, and the top four banks account for 66.8 percent of total bank assets in the country. Loans represented 66.3 percent of total bank assets; 43.1 percent of the loans went to households, while corporate loans accounted for 37.6 percent of total lending. The share of partly recoverable and non-recoverable loans (B and C loans) in total bank loans at the end of September 2014 was 12.2 percent. The average lending rates for short-term euro-indexed local currency loans were at 8.2 percent for corporations and 7.84 percent for households.

	Dec. 2011	Dec. 2012.		Dec. 2013	
	Number	Number	Change	Number	Change
Employees	21,865	21,639	-1	20,982	-3
Operating units	1,266	1,254	-0.9	1,220	-2.7
ATMs	3,975	4,083	2.7	4,123	0.9

Some basic operational indicators for Croatian banks, 2009-2012; source: the Croatian National Bank

More information on the Croatian banking sector and individual banks can be found at <http://www.hnb.hr/publikac/bilten-o-bankama/ebilten-o-bankama-27.pdf>.

In addition to the banks, the banking sector in Croatia includes five housing savings banks and the Croatian Bank for Reconstruction and Development (HBOR). The interests of the banking sector are represented by the Croatian Banking Association (HUB) and the Banking Association within the Croatian Chamber of Economy (HGK).

Foreign-Exchange Controls

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The Croatian National Bank intervenes in the market from time-to-time to ensure stability of the currency and maintain a crawling peg to the Euro. There are no administrative foreign exchange controls.

U.S. Banks and Local Correspondent Banks

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There are currently no U.S. banks operating in Croatia. A list of all licensed banks and representative offices is available at: <http://www.hnb.hr/supervizija/eindex.html>.

Project Financing

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Sources of Project Financing in Croatia

Croatian Bank for Reconstruction and Development (HBOR)

The HBOR is the development and export bank of the Croatian government. It was established with the objective of financing reconstruction and development of the Croatian Economy.

HBOR

Strossmayerov trg 9
10000 Zagreb, Croatia
Tel: +385 1 4591666
Fax: +385 1 459 721
www.hbor.hr

European Bank for Reconstruction and Development (EBRD)

The EBRD is the largest single investor in the region and mobilizes significant foreign direct investment beyond its own financing. It is owned by 64 countries and two intergovernmental institutions. But despite its public sector shareholders, it invests mainly in private enterprises, usually together with commercial partners.

It provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned companies, to support privatization, restructuring state-owned firms and improvement of municipal services. The Bank uses its close relationship with governments in the region to promote policies that will bolster the business environment.

EBRD

Miramarska 23, 3rd Floor
10000 Zagreb, Croatia
Tel: +385 1 6000310
Fax: +385 1 6197218
Head of Office: Mrs. Vedrana Jelusic Kasic
<http://www.ebrd.com/pages/country/croatia.shtml>

European Investment Bank (EIB)

The EIB is the European Union's bank owned by European Union Member States. As the largest multilateral borrower and lender by volume, EIB provides finance and expertise for sound and sustainable investment projects which contribute to furthering EU policy objectives. The bank generally finances one-third of each project, but it can be as much as 50%. More than 90% of EIB's activity is focused on Europe but the bank also implements the financial aspects of the [EU's external and development policies](#).

The EIB Group consists of the European Investment Bank and the [European Investment Fund \(EIF\)](#). The EIF focuses on innovative financing for SMEs. The EIB is the majority shareholder with the remaining equity held by the European Union and other European private and public bodies.

The EIB is based in Luxembourg, with closest local offices in Vienna and Belgrade. For more information, please visit www.eib.org.

The World Bank

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the common sense. It is made up of two unique development institutions owned by 185 member countries—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

Each institution plays a different but collaborative role to advance the vision of an inclusive and sustainable globalization. The IBRD focuses on middle income and creditworthy poor countries, while IDA focuses on the poorest countries in the world. Together the Bank provides low-interest loans, interest-free credits and grants to developing countries for a wide array of purposes that include investments in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management.

World Bank Office - Croatia
Radnicka cesta 80/IX
10 000 Zagreb, Croatia
Tel: +385 1 2357222
Fax: +385 1 2357200
Website: www.worldbank.org

U.S. Commercial Service Liaison Office at the World Bank
Advisor and Director of Business Liaison: Mr. Keith Curtis
1818 H. St., NW, Washington, DC 20433
Tel: 202 4580120
Fax: 202 4772967
Email: keith.curtis@trade.gov
Website: www.worldbank.org

Export-Import Bank

This is an independent U.S. Government agency that helps finance the overseas sales of U.S. goods and services. In almost 70 years, Ex-Im Bank has supported more than \$400 billion in U.S. exports.

Ex-Im Bank's mission is to create jobs through exports. It provides guarantees of working capital loans for U.S. exporters, guarantees the repayment of loans or makes loans to foreign purchasers of U.S. goods and services. Ex-Im Bank also provides credit insurance that protects U.S. exporters against the risks of non-payment by foreign buyers for political or commercial reasons. Ex-Im Bank does not compete with commercial lenders, but assumes the risks they cannot accept. It must always conclude that there is reasonable assurance of repayment on every transaction financed.

To qualify for Ex-Im Bank support, the product or service must have significant U.S. content and must not affect the U.S. economy adversely. Ex-Im Bank supports the sale of U.S. exports worldwide, and will support the financing of the export of any type of goods or services, including commodities, as long as they are not military-related. For more information, please visit www.exim.gov.

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Croatian National Bank - www.hnb.hr

Foreign Exchange Market - <http://www.hnb.hr/monet/emonet.htm>

Licensed Banks and Savings Banks- <http://www.hnb.hr/supervizija/eindex.html>

Monetary Policy - <http://www.hnb.hr/monet/emonet.htm>

Croatian Bank for Reconstruction and Development - www.hbor.hr

Croatian Banking Association - www.hub.hr

Croatian Chamber of Economy - www.hgk.hr

Croatian Financial Services Supervisory Agency - www.hanfa.hr

European Bank for Reconstruction and Development - www.ebrd.com

The World Bank Group - www.worldbank.org

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Business Customs

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Business customs in Croatia are generally similar to those in the United States. Business people tend to dress conservatively, particularly in the banking sector. Appointments should be made in advance of a business visit.

Business cards are usually simple, including only the basics such as company logo, name, business title, address, telephone number, fax number, e-mail, and web-address.

Most Croatian executives speak English and many young managers are fluent in it. Computer usage among Croatian companies is extensive and most of them utilize e-mail and Internet and have their own websites.

As is true in other European countries, summer holidays stretch throughout July and August and it is frequently difficult to reach company management during this period.

Travel Advisory

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For the latest Consular Information Sheet and travel advisory on Croatia, please click on the following link: http://travel.state.gov/travel/travel_1744.html

For general information on international travel, please visit the main website at: <http://travel.state.gov>

Visa Requirements

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ENTRY / EXIT REQUIREMENTS: A passport is required for travel to Croatia. A visa is not required for U.S. passport holders for tourist or business trips of fewer than 90 days within a six-month period. All foreign citizens must register with the local police within 24 hours of arrival as well as inform them of any change in their address. Registration of foreign visitors staying in hotels or accommodations rented through an accommodation company is done automatically by

the hotelier or accommodation company. Failure to register is a misdemeanor offense; some Americans have been fined for failing to register.

U.S. citizens already in Croatia who wish to remain in Croatia for more than 90 days must obtain a temporary residence permit. Please note that the first temporary stay permit must be obtained from the Croatian Embassy or Consulate in the United States.

For further information on entry requirements for Croatia, including information regarding requirements for residency and work permits, travelers may also contact the Embassy of Croatia at 2343 Massachusetts Avenue NW, Washington, DC 20008, tel. (202) 588-5899, the Croatian Consulates in New York City, Chicago, and Los Angeles or the Croatian Ministry of Internal Affairs' Office for Foreigners, tel. +385 (1) 456-3111. Further information is available at the [Ministry of the Interior](#) and the [Ministry of Foreign Affairs](#):

- <http://www.mvep.hr/en/consular-information/visas/visa-requirements-overview/>
- <http://www.mvep.hr/en/consular-information/stay-of-aliens/granting-stay-in-croatia/>

In support of a residency application, applicants will need to provide a copy of their birth certificate and, if applicable, marriage license and divorce certificate, obtained no more than 90 days before application, as well as an FBI Identification Record Request authenticated for use abroad. All documents should be translated into Croatian and have an "apostille" stamp certifying their authenticity. Information on apostilles and authentication of documents is available at <http://travel.state.gov/content/travel/english/legal-considerations/judicial/authentication-of-documents.html>

Information on obtaining [FBI Identification Record Requests](#) or <http://www.fbi.gov/about-us/cjis/criminal-history-summary-checks> is also available.

If an extension of an approved temporary stay is needed, U.S. citizens should submit a request to the local police having jurisdiction over their place of residence in Croatia no later than 30 days in advance of the last day of authorized stay.

Note: *Although Croatia became a member of the European Union (EU) on July 1, 2013, note that it is not yet a member of the Schengen area, and a passport is required for travel between Croatia and other European Union member states. For further details about travel into and within Schengen countries, please see the State Department's Schengen Fact Sheet.*

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://www.travel.state.gov/visa/visa_1750.html

Consular information can be found on the U.S. Embassy's Zagreb website: <http://zagreb.usembassy.gov>

Croatia has a developed telecommunications network (including fixed line, wireless, satellite and cellular technology). Fixed-line operators include T-Com, Optima Telecom, Iskon internet, Vipnet, and Metronet.

Cellular services are provided by licensed cellular operators: T-Mobile, Vipnet, Tomato and Tele2. Croatia operates 3G, 4G and GSM networks.

To telephone internationally from Croatia, local direct access numbers of major telephone calling services are:

AT&T 0-800-220-111

MCI 0-800-220-112

SPRINT 0-800-220-113

Transportation

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There are five major airports in Croatia. The country's largest, Zagreb International Airport, has service to most European capitals. Besides the national carrier, Croatia Airlines, Zagreb is serviced by Aeroflot, Air Bosna, Air France, Alitalia, Austrian Airlines, Avioimpex, Czech Airlines, Dubrovnik Airline, Germanwings, LOT, Lufthansa CityLine, Malev, Nouvel Air Tunisie, SAS-Scandinavian, Sky Service, THY-Turkish, Trade Air and Tyrolean.

International flights also service Dubrovnik and Split airports. Croatia Airlines operates internal flights -- Zagreb-Split, Zagreb-Zadar, Zagreb-Pula and Zagreb-Dubrovnik, Zagreb-Rijeka, Zagreb-Osijek, and Osijek-Dubrovnik. One can also travel within Croatia by rental car, railway or bus.

In Zagreb, there is a comprehensive tram/bus transport system which makes all parts of the city accessible. There is also Croatia Airlines bus driving from the airport to the Zagreb's main bus station (with approx. ten stops in between) at a cost of 30.00 Kn (approx. \$5.17) and is gratis for children under 6 years. Taxis are more expensive and can be obtained at a taxi stand or by calling to one of four different taxi companies:

Zagreb Taxi

Phone: +385-1-1777 or 060-800-800

Price for start: 10.00 Kn (approx. \$1.7)

Price per kilometer: 6.00 Kn (approx. \$0.84)

Price from the center to the airport (approx. 15 km): 85,00 Kn (approx. \$14.7)

Cameo taxi

Phone: +385-1-1212

Price for start: 15.00 Kn (approx. \$2.6) – note: in this price 2 km of drive is included

Price per kilometer: 5.00 Kn (approx. \$0.86)

Price from the center to the airport (approx. 15 km): 80,00 Kn (approx. \$13.8)

Oryx taxi

Phone: +385-1-1888

Price for start: 14.00 Kn (approx. \$2.4)

Price per kilometer: 4.80 Kn (approx. \$0.83)

Price from the city center to the airport (approx. 15 km): 86,00 Kn (approx. \$14.8)

Eko taxi (cars emitting more than 50 percent less CO2 than other conventional cars)

Phone: +385-1-1414

Price for start: 14.00 Kn (approx. \$2.4)

Price per kilometer: 5.80 Kn (approx. \$1)

Price from the city center to the airport (approx. 15 km): 101,00 Kn (approx. \$17.4)

Language

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Many business people in Croatia speak foreign languages, mostly English, German, and Italian (along the coast). When necessary, a translator can be hired at the Croatian Translators Society – tel/fax: (385)(1) 484 7565.

Health

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Health facilities in Croatia, although generally of Western caliber, are under severe budgetary strains. Some medicines are in short supply in public hospitals and clinics. The number of private medical and dental practitioners is substantial, and private pharmacies stock a variety of medicines not readily available through public health facilities. Croatian health care facilities, doctors and hospitals usually expect immediate cash payment for health services and generally will not accept credit cards. Tick-borne encephalitis, a disease preventable with a three-shot vaccination series, is found throughout inland Croatia but is not prevalent along the coast. Travelers to Croatia may obtain a list of English-speaking physicians and dentists at the Embassy's web site at <http://zagreb.usembassy.gov/medical-information.html> or by calling: + 385 (1) 661-2376 during working hours. The single European emergency phone number 112 is also active in Croatia for all kinds of emergencies. Ambulance service is effective; however, response times may be longer to more isolated areas.

Local Time, Business Hours, and Holidays

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Croatia time is Greenwich Mean Time plus one hour. Said differently, if it is 8 a.m. in New York, it is 2 p.m. in Zagreb, Croatia.

Working hours start at 8 am and end at 4:30 or 5 pm. Most shops open at 8 a.m. and close at 8 p.m. On Saturdays, most stores close at 2:30 p.m. in the center of the city, and with few exceptions, stores are closed on Sundays and holidays. Outside of the city there are several shopping malls/centers open every day from Monday to Sunday from 08:00 a.m. to 09:00 p.m.

January 1, New Year's Day

January 6, Epiphany

April 5, Easter Day

April 6, Easter Monday

May 1, Labor Day

June 4, Corpus Christi Day

June 22, Anti-Fascism Day

June 25, Statehood Day

August 5, Victory and Homeland Gratitude Day

August 15, Assumption Day

September 7, Labor Day

October 8, Independence Day

November 1 -- All Saints Day
December 25 -- Christmas Day
December 26 -- St. Stephen's Day

The following holidays may be observed by Croatian citizens of a particular religion: Orthodox Christmas (Orthodox), Ramadan Bairam (Muslim), Yom Kippur and Rosh Hashanah (Jewish).

Temporary Entry of Materials and Personal Belongings

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Croatian accepts the ATA carnet, which covers virtually all goods. Please see:
<http://www.atacarnet.com/>.

Web Resources

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ATA Carnet - <http://www.atacarnet.com/>
Embassy of the Republic of Croatia - <http://www.croatiaemb.org/>
Ministry of Interior, Republic of Croatia - <http://www.mup.hr/>
U.S. Department of State, Bureau of Consular Affairs - <http://travel.state.gov/>
U.S. Department of State, Bureau of Consular Affairs - Visas -
<http://travel.state.gov/content/visas/english.html>
U.S. Embassy Zagreb - <http://zagreb.usembassy.gov/>
U.S. Embassy Zagreb, Consular Section - <http://zagreb.usembassy.gov/consular.html>
U.S. Embassy Zagreb, Medical Information - <http://zagreb.usembassy.gov/medical-information.html>
U.S. Embassy Zagreb, U.S. Commercial Service - <http://export.gov/croatia/>

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Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

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U.S. Government: Embassy of the United States of America

Address:

Thomasa Jeffersona 2
10010 Zagreb, Croatia
Phone: 385/1/661-2200

Agencies:

U.S. Department of Commerce – U.S. Commercial Service
Mr. Greg O'Connor, Regional Senior Commercial Officer for Southeast Europe (Resident in Bucharest)

E-mail: Greg.O'Connor@trade.gov

Phone: 4/021/200-3376

Mr. Damjan Bencic, Senior Commercial Specialist (Commercial Section Chief in Zagreb)

E-mail: damjan.bencic@trade.gov

Phone: 385/1/661-2224

Website: <http://export.gov/croatia/>

U.S. Department of State – Economic Section

Mr. Michael Rousek, Economic Officer

E-mail: rousekmr@state.gov

Phone: 385/1/661-2229

Website: <http://zagreb.usembassy.gov/>

U.S. Department of Agriculture – Foreign Agriculture Service

Ms. Andreja Misir, Agricultural Specialist

Phone: 385/1/661-2467; Fax: 385/1/665-8950

E-mail: andreja.misir@usda.gov

Website www.fas.usda.gov

Office of Defense Cooperation

Mr. Ryan Fayrweather, LTC

Phone: 385/1/661-2223

E-mail: fayrweather@state.gov

Business Associations

American Chamber of Commerce in Croatia – www.amcham.hr

Croatian Chamber of Economy – www.hgk.hr

Croatian Employers Association – www.hup.hr

Croatian Government

Embassy of the Republic of Croatia – www.croatiaemb.org

Government of the Republic of Croatia – www.vlada.hr

Ministry of Economy – www.mingo.hr

Ministry of Regional Development and EU Funds – www.mrrfeu.hr

Ministry of Foreign and European Affairs – www.mvep.hr

Ministry of the Interior – www.mup.hr

Ministry of Justice - <http://www.mprh.hr>

Ministry of Administration – www.uprava.hr

Ministry of Defense – www.morh.hr

Ministry of Finance – www.mfin.hr

Ministry of Entrepreneurship and Crafts – www.minpo.hr

Ministry of Labor and Pension System – www.mrms.hr

Ministry of Maritime Affairs, Transport and Infrastructure – www.mppi.hr

Ministry of Environment and Nature Protection – www.mzoip.hr

Ministry of Agriculture – www.mps.hr

Ministry of Tourism – www.mint.hr

Ministry of Construction and Physical Planning – www.mgipu.hr

Ministry of Veterans' Affairs – www.branitelji.hr

Ministry of Social Welfare Policy and Youth – www.mspm.hr

Ministry of Health – www.zdravlje.hr

Ministry of Science, Education and Sports - www.mzos.hr

Ministry of Culture - www.min-kulture.hr

Government of the Republic of Croatia – Legislation Office – www.vlada.hr/zakonodavstvo

Croatian Agency for Investments and Competitiveness – www.aik-invest.hr

Central Procurement Office – www.sredisnjanabava.hr

Government Asset Management Office – www.duudi.hr

State Intellectual Property Office – www.dziv.hr

Meteorological and Hydrological Service - www.meteo.hr

State Office for Metrology - www.dzm.hr

Croatian Bureau of Statistics – www.dzs.hr

National Bank of Croatia – www.hnb.hr

Croatian Information Documentation Referral Agency - <http://www.digured.hr/>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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U.S. Trade Events

The International Buyer Program recruits more than 125,000 qualified foreign buyers, sales representatives, and business partners to U.S. trade shows each year.

Please click on the link below for information on upcoming trade events.

<http://export.gov/tradeevents/index.asp>

Croatian Trade Events

The single largest event in Croatia is the annual Zagreb Fall Fair which attracts attention countrywide and includes numerous foreign exhibitors.

Contact info:

Zagreb Fair
Ms. Marina Pavkovic, Director
Avenija Dubrovnik 15, 10020 Zagreb
Tel: +385/1/650-3222; Fax: +385 1 6528-433
E-mail: mpavkovic@zv.hr Website: www.zv.hr

Zagreb Fair is the key trade event organizer in Croatia. Following is the list of their 2014 events. For more detailed information, please visit their web site www.zv.hr

Date TBD	INTERGRAFIKA, International Printing and Paper Industry Fair MODERNPAK, International Packing Materials & Technologies Fair
September 17-20	FAIR OF CROATIAN COUNTIES, Fair of Croatian Counties - Economy and Cultural Heritage
September 17–20	ENERGETICS, International Fair of Energetics
Date TBD	INTERPROTEX, International Fair for the Protection of People and Assets
October 15-19	MYSTIC, International Fair of Alternatives, Healthy Lifestyle and the Border Areas of Science
October 15-19	AMBIENTA, International Fair of Furniture, Interior Decoration and Supporting Industries
November 11-16	INTERLIBER, International Book and Teaching Appliances Fair MUSIC, DANCE AND MULTIMEDIA FAIR, International Fair of Music, Dance and Multimedia
Date TBD	INOVA, National Exhibition of Inventions
November 13-16	WINTER SHOW, International Skiing, Winter Sports, and Supporting Industries
November 14-16	VINOVITA, International Fair of Wine and Equipment for Viticulture and Viniculture

In the past few years, the following trade event organized by the Split Fair (www.sajamsplit.hr) has become increasingly important:

Oct 22-26	SASO – International Fair of Construction, Wood and Timber Industry, Metalworking, Tools, Machinery, Crafts, Small Business, Electronics, Energy, Telecommunications, Finance, Ecology www.sasofair.com
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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

SelectUSA:

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.

The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link: <http://selectusa.commerce.gov/>

National Export Initiative:

The President’s National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

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U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(800) USA-TRAD(E)**.

For information on other markets in Southeast Europe, contact:

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To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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