



Be CROative!

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CROATIAN CHAMBER OF ECONOMY



CROATIA – INVESTMENT CLIMATE AND OPPORTUNITIES





CROATIA ...

... in numbers



CROATIA

Strategic position with export potential

Croatia in the
European center &
the farthest reaching
European sea inlet



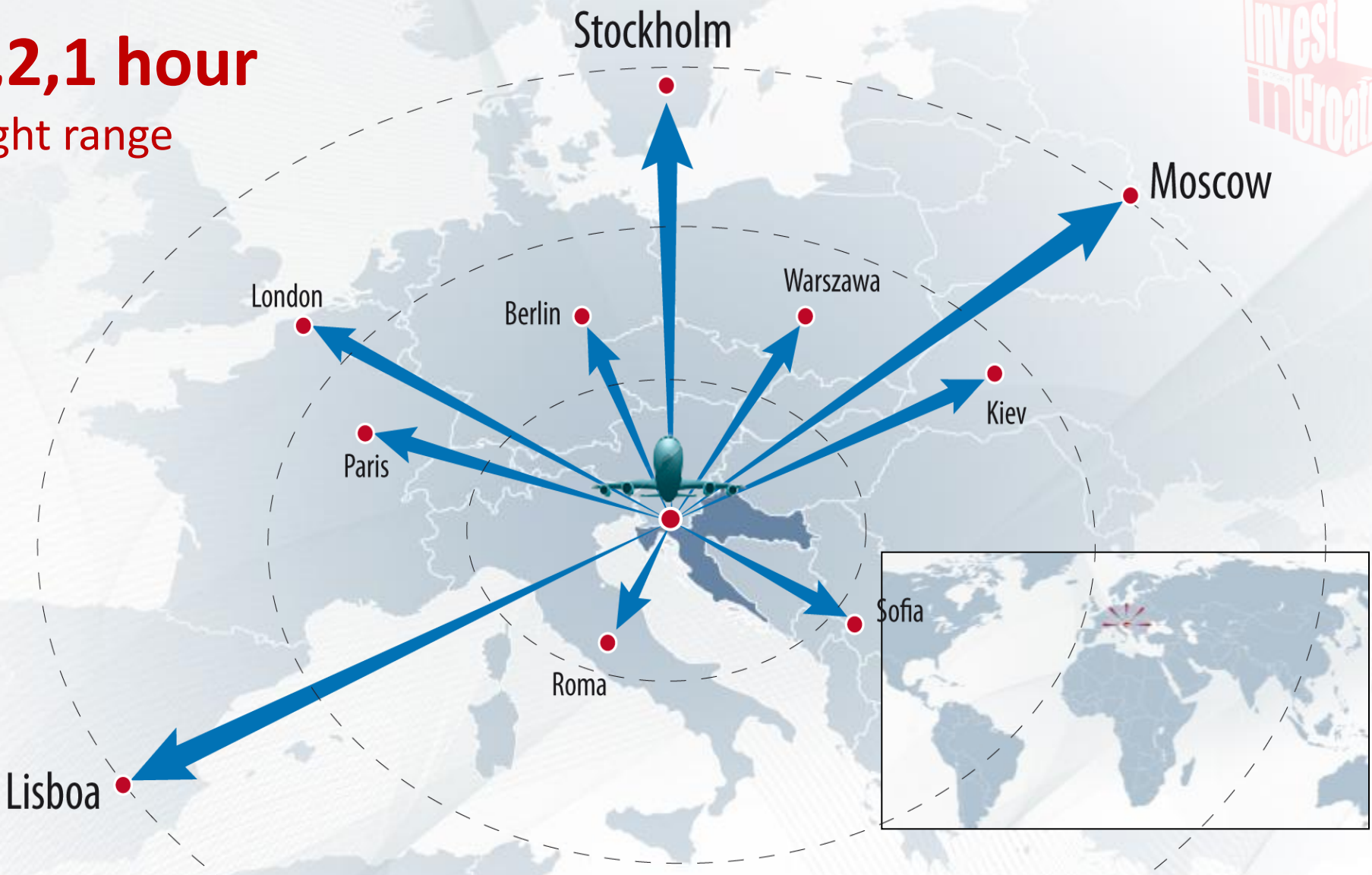
- Area: 56,594 km²
- Population: 4.4 million
- Capital: Zagreb (800,000 inhabitants)
- Currency: Croatian Kuna (HRK)
- Average Exchange Rate (2012):
 - 1 EUR = 7.52 HRK
 - 1 USD = 5.85 HRK



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3,2,1 hour
flight range



access to a market of **over 500 million** people

CROATIA

2012



GDP: 43.9 bn EUR

GDP per capita: 10,250 EUR

Inflation: 3.4 %

Unemployment rate (ILO): 15.9 %

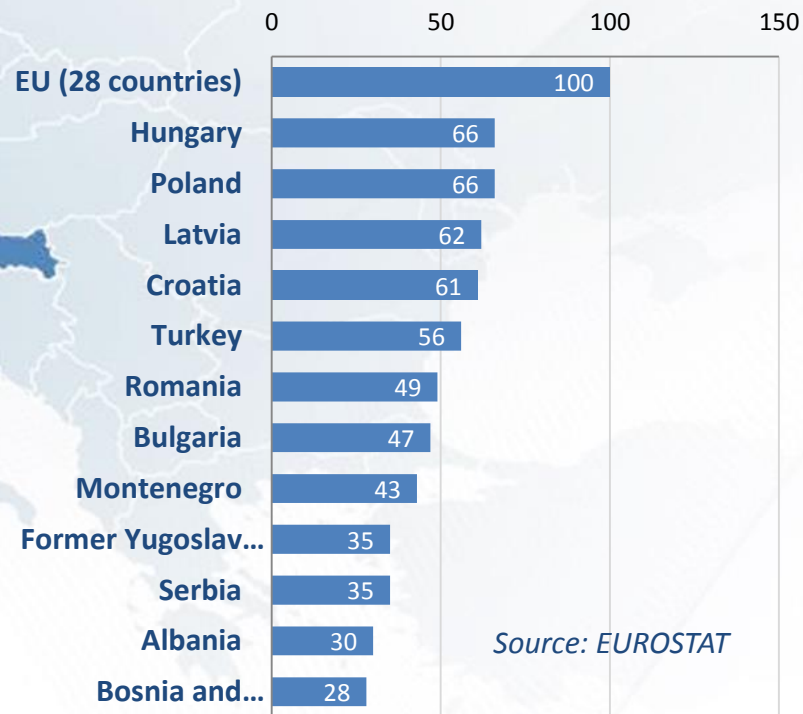
Average net salary: 729 EUR

Export: 9.6 bn EUR

Import: 16.2 bn EUR

FDI: 27.28 bn EUR (1993- 2Q 2013)

GDP per Capita (PPS), 2012
(EU 28 = 100)



Source: EUROSTAT



FOREIGN TRADE 2012



Main trading partners:

Italy	(16%)
Germany	(12%)
B&H	(7%)
Slovenia	(7%)
Russia	(6%)
Austria	(5%)
China	(5%)
Hungary	(3%)
Serbia	(3%)
32. Bulgaria	(0.5%)

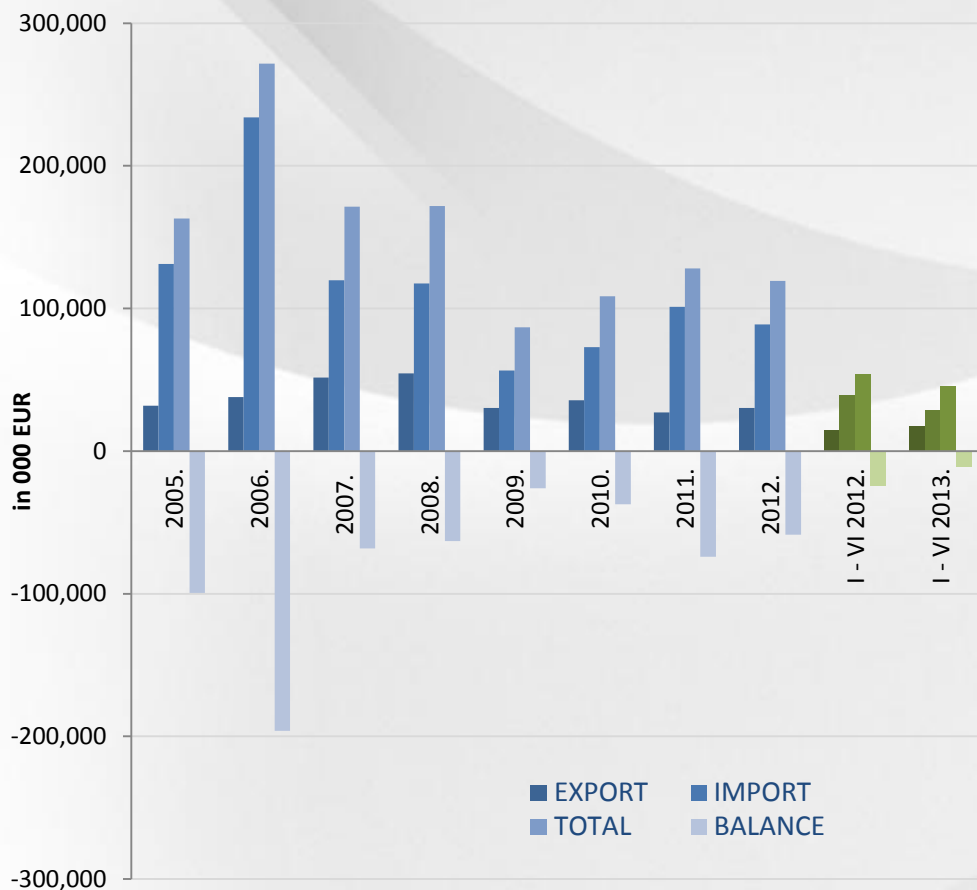
Export products

Mineral fuels, oils	14%
Electrical Machinery	9%
Machinery	9%
Ships, boats	6%
Wood & articles	5%

Import products

Mineral fuels, oils	22%
Machinery	9%
Electrical machinery	7%
Vehicles	5%
Plastics & articles	4%

TRADE EXCHANGE CROATIA – BULGARIA



Export products

Mineral oils	15,7%
Fertilizers	8,7%
Paper and cartoon	7,2%
Insulated wire	5,7%
Machines	4,4%

Import products

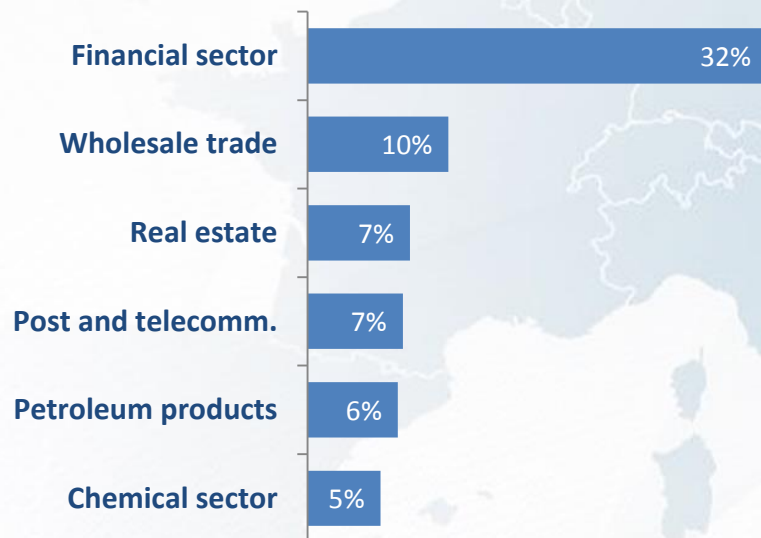
Copper	19,7%
Petroleum oils	16,1%
Bread and pastry products	6,6%
Fertilizers	5,9%
Steel and iron products	3,9%



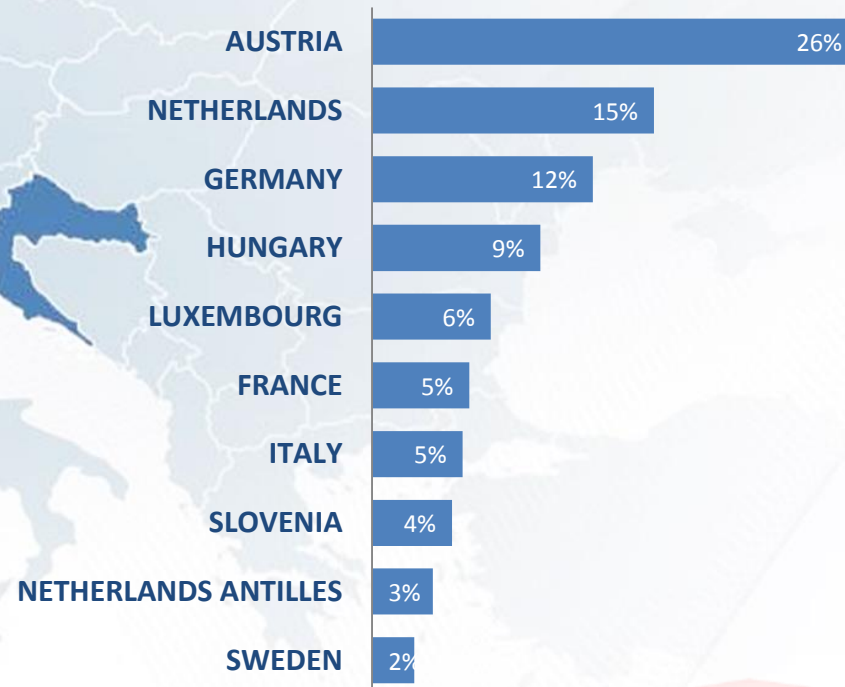
FDI – Structure and investors (1993 – 2Q 2013)

TOTAL = 27.28 bn EUR

FDI structure % of total FDI



Leading foreign investors % of total FDI



Source: CNB



CROATIA ...

... why invest



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Stability and safety of business activity

Possibility of using EU funds

CROATIA
Your reliable business partner



MODERN INFRASTRUCTURE



- 3 Pan-European corridors passing through Croatia
- 29,547 km of roads
- 2,726 km of railroads
- 7 international airports
- 2 airfields
- 3 intermodal terminals
- Internationally important seaports – Port Rijeka, Port Ploče
- One of the most developed gas distribution network in Europe
- 100% digitalized communication network and high broadband internet penetration

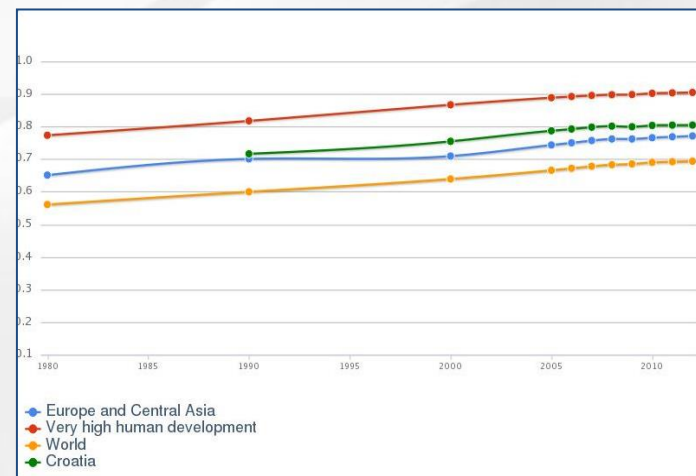
PEOPLE – key factor for success



- Total population: 4,4 milion people (48% male, 52% female)
- **HDI = 0.805** (Croatia in the very high human development category, rank 47 out of 187 countries; 1990 – 2012 → an increase of 12 % (average annual increase of about 0.5 %)

- More than **140** high-education institutions (**7 university centres** in Zagreb, Osijek , Split , Zadar, Rijeka, Pula, Dubrovnik with more than **70 faculties**)
- **152,857** – number of students (2011/2012)
- **36,448** – graduates (2011)
- Compulsory primary and secondary education
- 14,1 – expected years of schooling
- 99% of secondary school students - English as a foreign language*
- 95.7% of young people with secondary education (20-24 years old)*

Human development index



Source: UNDP

*Source: Eurostat



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STIMULATING INVESTMENT ENVIRONMENT

- Act on Investment Promotion
- Law on Strategic Investment Projects – in preparation

Equal rights for foreign and domestic investors

Free transfer of return on equity from the country

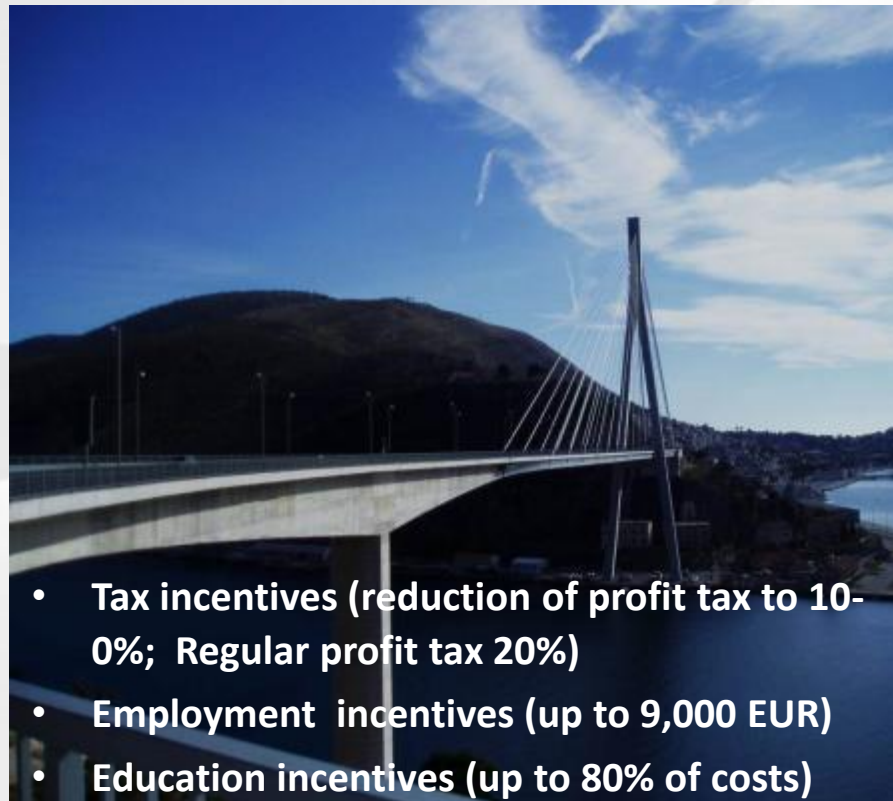


- Avoidance of double taxation
- Numerous incentives for business activities to investors
- 0% profit tax on reinvested capital

INVESTMENT PROMOTION ACT

Incentives for:

- manufacturing sector activities, technology centers, strategic business support and high value-added services, tourist activities
- initial and capital expenses
- labor intensive investment projects



- Tax incentives (reduction of profit tax to 10-0%; Regular profit tax 20%)
- Employment incentives (up to 9,000 EUR)
- Education incentives (up to 80% of costs)

REQUIREMENT: Minimum investment: **150,000 EUR + 5 new workplaces**

Micro entrepreneurs: **50,000 EUR + 3 new workplaces**



CROATIA ...

...where to invest



INDUSTRY 2012



- 20 % of GDP
- 20.5 % of total employment
- Main industrial branches (**export-oriented**): refined petroleum products; manufacture of other transport equipment; electrical equipment; chemicals and chemical products; food products; manufacture of fabricated metal products; pharmaceuticals

Investment possibilities:

- Pharmaceutical, ICT, wood, textile & leather processing, metal, automotive, electrical, chemical, plastic & rubber industry



TOURISM 2012



- Revenue: 6.8 bn EUR (15.4 % of GDP; +3.2%)
- 11.8 mil tourists (+ 3.3 %)
- 62.7 mil overnight stays (+ 4 %)
- Reduced VAT on organised tourist arrivals

- Priority - Investments in high quality tourist facilities
- Greenfield/brownfield projects on state-owned property and land + privatization of state-owned hotels (sale of state-owned shares in 14 tourism companies, state portfolio approx. 180 mil Eur)

Investment possibilities:



- *Nautical tourism*
- *Health tourism*
- *Congress tourism*



AGRICULTURE AND FOOD PRODUCTION 2012

- **10.2 % of GDP ; 6.3 % of total employment**
- 84 % of cultivated land – privately owned
- Wide range of products (fish, cattle, cereals, wine, sugar beet, olives)
- Internationally known food products – confectionary, dairy products, spices (Vegeta), beverages, olive oil etc.

Investment possibilities:

- Aquaculture
- Healthy food production



PUBLIC PROJECTS

Public companies investment plan → 13.6 bn HRK (2013)

ENERGY

- Planned increase in capacity – modernisation and construction of new powerplants → e.g. TPP Sisak - (construction of new termo powerplant; aprox. value 225m Eur) – in progress / HPP Zakučac (on Cetina river; modernisation of the existing hydro powerplant; aprox. 132m Eur); LNG terminal, etc.

INFRASTRUCTURE

- Port of Ploče (transport and trade integration project)
- Port of Dubrovnik (construction of new terminals; 40 mil Eur)
- Port of Zadar – Gaženica (new terminal 2. phase; 236 mil Eur; strategic partner / investor needed)
- Osijek Airport (modernisation; cargo)
- Rijeka Airport (reconstruction/modernisation; different models of transaction possible – equity investment, PPP or concession)

TOURISM

- Sale of state owned touristic companies/ hotels/ resorts
- Renovation/ modernisation of touristic facilities

One of transaction models: **Public Private Partnership**
(e.g. *The Square of Justice - Zagreb*, value aprox. 1.6 bn HRK;
tender in progress)

PRIVATE PROJECTS

Investment projects catalogue of the Croatian Chamber of Economy:

- An overview of investment potential throughout Croatia
- Information on more than **120** private and public investment projects
- Estimated value: **6.69 bn EUR**



www.hgk.hr

tourism, infrastructure, energy, industry,
environmental protection, construction, agriculture etc.

INVESTMENT SITES



- More than **100** ready entrepreneurial zones
 - utility services, clear ownership, good logistic & traffic connection
- Strong support form local communities
- Additional tax reliefs:
 - ✓ relief from utility tax
 - ✓ lower payments for municipal services
 - ✓ lower land prices





Invest in CROATIA

... how to proceed





CROATIAN CHAMBER OF ECONOMY

modern, professional institution with a 161 year old tradition

represents, promotes and protects economic interests of its members

a reliable source of information to companies

90.000 member
companies

Professional
associations

20 county
chambers in
Croatia

Representative
offices abroad
(Bruxelles, Moskow,
regional offices)



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CCE - supporting business activities

INVESTORS SUPPORT

- Information on legal framework
- Communication with state bodies
- Supplier database, finding business partners, tailor made visits



IDENTIFICATION OF INVESTMENT OPPORTUNITIES

- Catalogue of investment projects
- Finding potential business sites
- Linking investors with project holders



PROMOTION OF INVESTMENT POTENTIAL

- Trade missions, business forums
- Fairs, exhibitions,
- Publishing activities (Investment guide)

Croatia – a country that offers more



- ✓ Gateway to Central and Eastern Europe - easier access to European & world markets
- ✓ Modern transport infrastructure
- ✓ Reliable investment & business environment
- ✓ Stimulating investment climate
- ✓ Highly educated, multilingual & competent workforce
- ✓ High quality of life



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