



# TIME TO INVEST IN CROATIA

INVESTMENT GUIDE



REPUBLIC OF CROATIA



TRADE AND INVESTMENT  
PROMOTION AGENCY





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Dear Investors,

It is a great pleasure to greet you during this new mandate of the Croatian Government.

Through building a balanced economic policy and concrete measures and programs, we have created by and large a truly open investment environment clearly demonstrated through an ongoing increase in Foreign Direct Investment in Croatia. As a result of the opening of more than three hundred entrepreneurial zones throughout the country, we ensure a high quality of business environment while simplifying and considerably reducing the cost of transportation by building additional infrastructure. Through investments of this nature we wish to generate new business perspectives for entrepreneurs throughout our beautiful country.

Economic activities in Croatia are on the rise – in the first quarter of the year 2008, we witnessed economic growth of 4.3 percent, industrial production growth of 3.6 percent, which, compared to May of 2007, demonstrates an increase of 11.6 percent. Moreover, the number of registered unemployed persons decreased by 30.000. At this time, Croatia has reached the lowest unemployment rate since its independence.

The reforms continue – legislative, health, public administration and fiscal decentralization reforms – while promoting knowledge and excellence.

For the forthcoming period, we plan to advance the entrepreneurial sector and competitiveness of our economy with even greater enthusiasm. The development of entrepreneurial zones will be finalized, reaching the number of 400. Furthermore, we will finish the privatization process and form the investment funds with transferred government shares. Additionally, we will continue to reduce the business costs by making the use of electronic online public services available to the greater public with the goal of reaching the European standards.



We will continue to uniformly develop infrastructure throughout the country by building roads, railroads, waterways, water supply lines and plinification. Special attention will be placed on the energy sector in accordance with the new world market trends.

With the investment projects reaching a total of several milliards of Euros, Croatia will improve the future regional cooperation and interdependence while on its way of becoming an essential intersection of European energy sector. Having said that, we will considerably increase the security of energy supply and competitiveness within the region of Southern and Eastern Europe, as well as the entire European Union. The Croatian Government will continue to actively promote and support Croatia's strongest sectors within the Global and European economy – tourism, agriculture, regional development, education, and small and medium enterprises.

In the modern market economy, the role of the State and the public sector is clearly defined – creation of favorable conditions for the entrepreneurs and the strengthening of various institutions to make them more effective in following and serving the needs of the economy.

International positioning and the reputation of Croatia have never been stronger. Croatia's becoming a non-permanent member of the United Nations Security Council on the 1st of January 2008 in addition to receiving an invitation to join the NATO pact were ultimately a fulfillment of the two of Croatia's goals. Now, we are just one step away from our next goal – becoming a member of the European Union.

Stable economic growth, constant GDP growth, the decrease in unemployment rate and macroeconomic stability, are areas that we continue to comprehensively and continuously improve, ensuring fast development of the Croatian economy while making possible for Croatia to enter the European Union and the European market as an equal partner.

We have confidence that you, dear investors, with a continuous and stable support of the government and its new role, ensure productive entrepreneurial climate and further contribute to Croatia taking confident steps towards European future.

We await you with anticipation.

Sincerely,



Prime Minister  
Dr.sc. Ivo Sanader





Dear investor,

We are living today in very dynamic world, where apart from market size, macroeconomic and political stability, government policy is the one of the most important factor influencing development of the economy and investment flows as well. It is also one of the areas where governments have the greatest influence and leverage to act.

Croatia has become aware of this global change. Government of the Republic of Croatia and the Ministry of Economy, Labour and Entrepreneurship are continuously making efforts and proposing new legal and other solutions, in order to ensure favorable climate for the development of economy and society, as a whole.

One of the most important priorities of the Croatian Government is precisely attraction of investment and investment promotion. Aware of the importance of the Foreign Direct Investment for the economic development and competitiveness of the Croatian economy, Ministry of Economy, Labour and Entrepreneurship together with the Croatian Trade and Investment Promotion Agency is continuously making efforts to liberalize and simplify legal framework and governmental procedures connected with business activities and investment.

This Investment Guide is particularly prepared for all of you, our partners and future investors, to offer you full support and help.

Sincerely,

A handwritten signature in black ink, appearing to read 'Polančec'.

Mr. Damir Polančec  
Vice-Prime Minister

Minister of Economy, Labor and Entrepreneurship







Dear investor,

We offer to you an excellent geopolitical location, optimal solutions and opportunities that will make your business flourish. We can meet all of your demands while providing an easy access to a market of 500 million consumers in the Region and Europe.

Aware of the importance of the Foreign Direct Investment, the Croatian government in cooperation with the Trade and Investment Promotion Agency is continuing its systematic effort to liberalize and simplify the laws governing business activities in Croatia.

In this Investment Guide we have prepared an overview of the opportunities and conditions of starting and conducting business activities in Croatia. We hope that the following pages will generate interest in investing into our country, thereby promoting Croatia at the international market as an auspicious destination to do your business.

Sincerely,

MSci Slobodan Mikac, LL.B.  
Managing Director



# 1. ABOUT CROATIA

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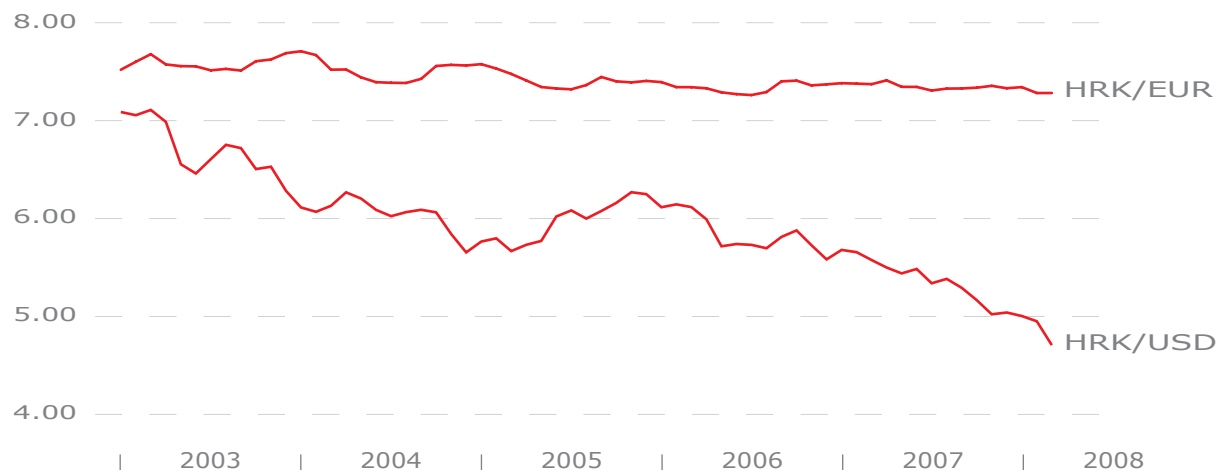
## 1.1. Basic Indicators

Land area	56 594 km <sup>2</sup>
Population	4.4 million
Political System	Parliamentary democracy
Territorial Organization	20 counties and the City of Zagreb
Capital	Zagreb
Official Language	Croatian
Currency	Kuna (HRK)
Average Exchange Rate (2007)	1 EUR = 7.34 HRK 1 USD = 5.36 HRK
International Telephone Code	00 385
Internet Country Code	.hr
Time Zone	Central European Time (CET)
Climate	Continental and Mediterranean

## 1.2. Economic Stability

The Croatian macroeconomic environment is stable, which is first of all, reflected in the low inflation rate. Furthermore, the average Croatian Kuna/Euro exchange rate oscillations have been very low.

**Average Exchange Rates HRK/EUR and HRK/USD**



Source: Croatian National Bank



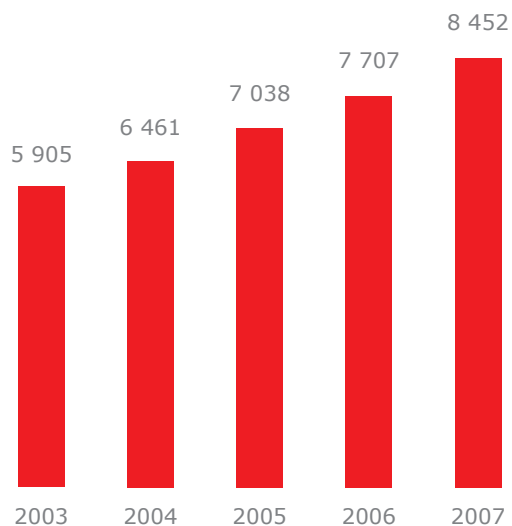
During the last six years, Croatian economy has shown a real GDP growth rate of more than 4%, with the unemployment rate constantly declining. Croatian economic stability is additionally confirmed by the long-term credit rating assigned by renowned international agencies.

### Croatia's Long-Term Credit Rating

Moody's	Baa3
Standard&Poor's	BBB
FitchRatings	BBB-

Main Macroeconomic Indicators	2004	2005	2006	2007
GDP (million EUR, current prices)	28 681	31 263	34 220	37 497
GDP growth rates (constant prices) %	4.3	4.3	4.8	5.6
GDP per capita, current prices (EUR)	6 461	7 038	7 707	8 452
Export of goods (EUR million)	6 454	7 069	8 251	9 002
Import of goods (EUR million)	13 342	14 949	17 094	18 827
Unemployment Rate (ILO) %	13.8	12.7	11.2	9.6
Inflation (Year Average) %	2.1	3.3	3.2	2.9

### GDP per capita (EUR)



Source: Central Bureau of Statistics, Croatian National Bank



## 1.3. Joining the European Union

Contractual relations between the Republic of Croatia and the European Union were established for the first time by signing the Stabilization and Association Agreement in 2001. This Agreement enabled the beginning of the negotiations for full EU membership in 2005. According to the President of the European Commission, Croatia should complete the membership negotiations by the end of 2009.

## 1.4. Trade Exchange

With regard to foreign trade exchange, more than half of it occurs with EU countries. Croatia's most important Croatian foreign trade partners are Italy, Germany, Slovenia, Austria and Bosnia and Herzegovina.

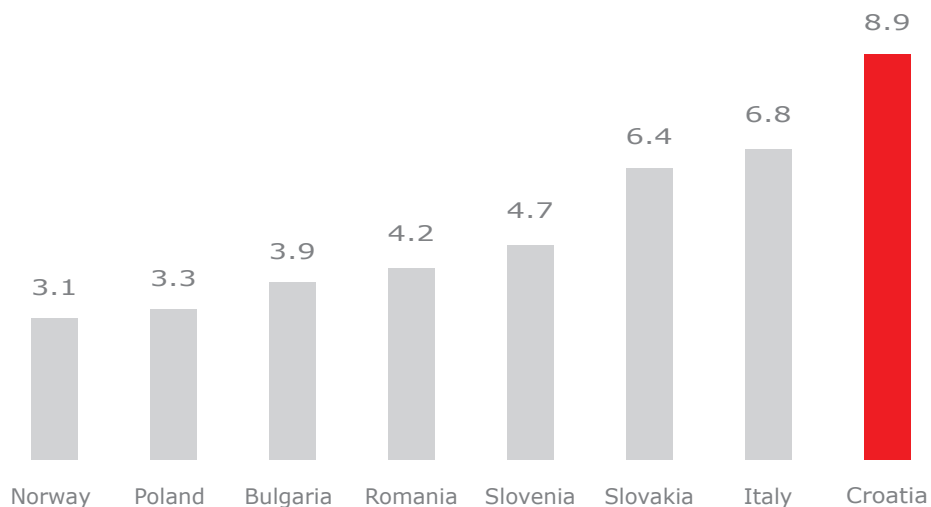


EXPORT PRODUCTS	%	IMPORT PRODUCTS	%
Other transport equipment (ships)	11.59	Petroleum and petroleum products	11.69
Petroleum and petroleum products	9.29	Road vehicles	9.30
Electrical machines, devices and tools	7.39	Row iron and steel	5.05
Clothing	4.75	Electrical machines, devices and tools	4.85
Non-metal mineral products	3.61	General-purpose industrial machines	4.60
Metal products, n.e.s.	3.56	Metal products, n.e.s.	3.99
Other ready-made products, n.e.s.	3.21	Other ready-made products, n.e.s.	3.64
Household furnishing	3.07	Other machines and transport equipment	3.47
Cork and timber	3.02	Special machines for specific industries	3.25
Gas, natural or industrial	2.91	Telecommunication apparatus	3.25
Other	47.60	Other	46.90
TOTAL	100.00	TOTAL	100.00

Source: Central Bureau of Statistics



## Share of High-tech Products in Total Exports in %



Source: Eurostat

## 1.5. Free Trade Agreements

Croatia is applying free trade agreements with the following countries:

COUNTRY	APPLIED SINCE
EU 15	January 2002
THE 10 NEW MEMBERS	May 2004
BULGARIA AND ROMANIA	January 2007
EFTA	
Switzerland, Liechtenstein	January 2002
Norway	April 2002
Iceland	August 2002
CEFTA	
Albania, Macedonia, Moldova, Montenegro, UNMIK/Kosovo	July 2007
Serbia	October 2007
Bosnia & Herzegovina	November 2007
Turkey	July 2003

Source: Central Bureau of Statistics

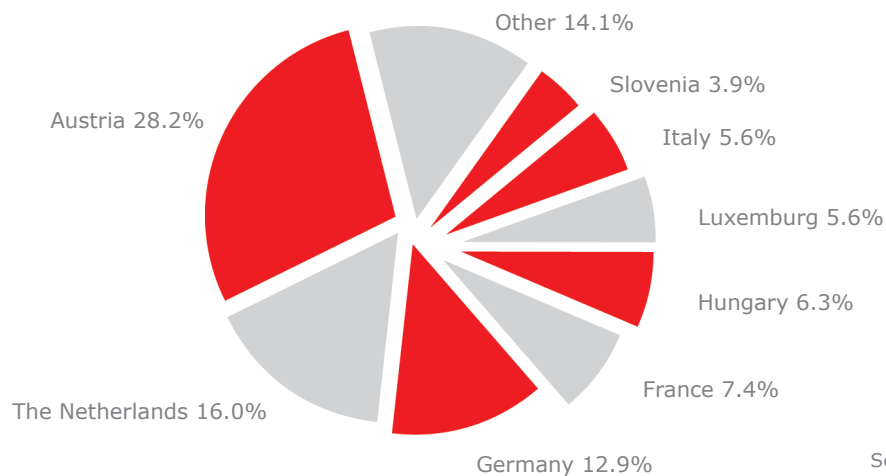
A new Central European Free Trade Agreement (CEFTA), signed by Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and UNMIK/Kosovo in 2007 replaced the 32 bilateral free trade agreements.



## 1.6. Foreign Direct Investments

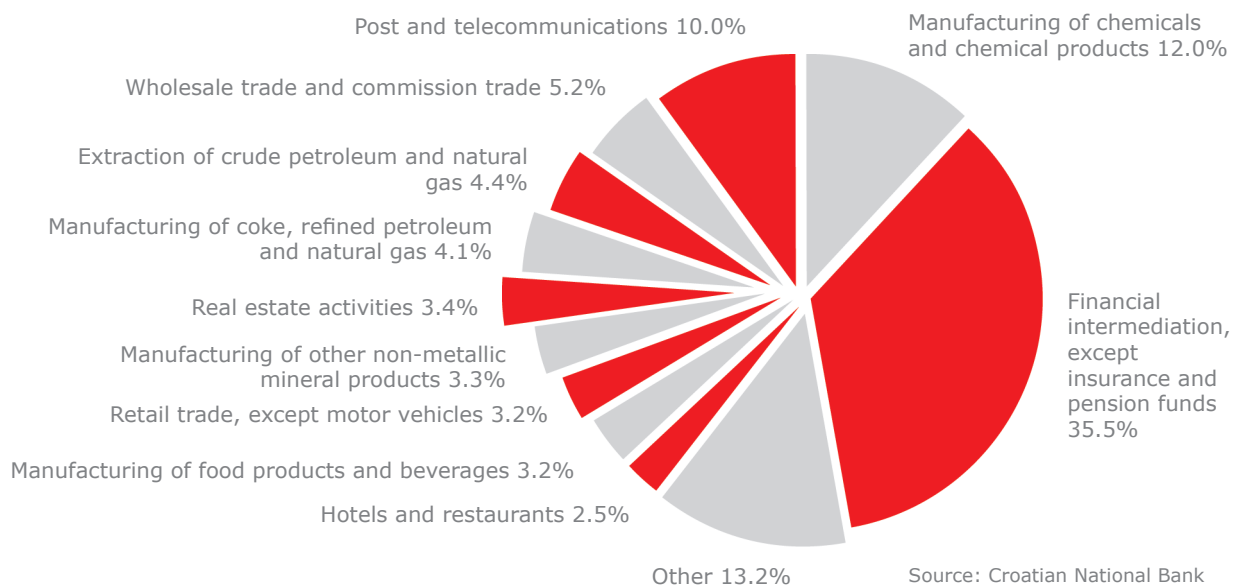
From 1993 to 2007, Croatia received foreign direct investments in the total amount of 17.63 billion EUR.

**FDI in Croatia by countries, 1993-2007**



Source: Croatian National Bank

**FDI in Croatia by industrial branches, 1993-2007**

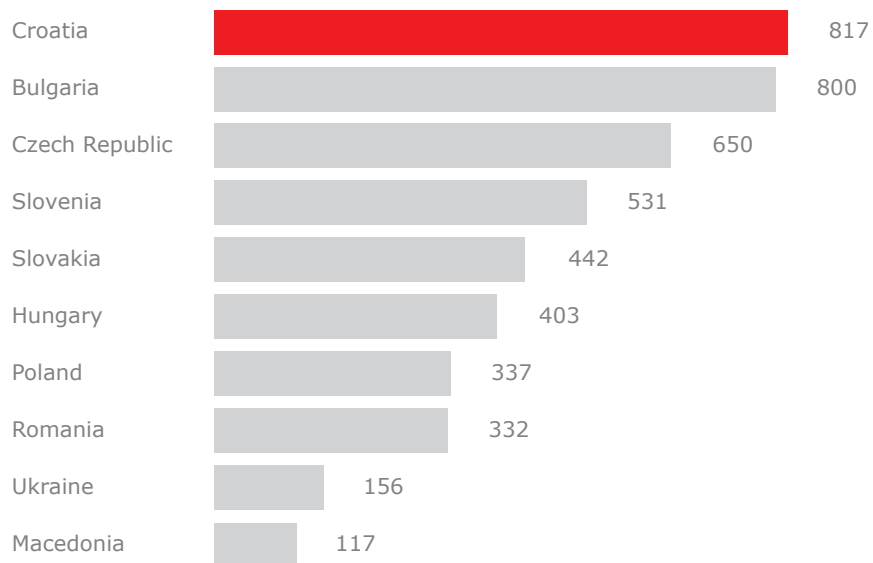


Source: Croatian National Bank



Regarding the FDI per capita for the year 2007, Croatia is the leader compared to the following countries.

### FDI per capita (EUR)



Source: Vienna Institute for International Economic Studies

These are only some of the well-known investors who recognized the potential of the Croatian market.





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## 1.7. Bilateral Investment Agreements

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Croatia has signed bilateral investment agreements with the following 55 countries:

Albania	Kuwait
Argentina	Latvia
Austria	Libya
Azerbaijan	Lithuania
The Republic of Belarus	Macedonia
The Belgian-Luxembourg Economic Union	Malaysia
Bosnia and Herzegovina	Malta
Bulgaria	Moldavia
Cambodia	The Netherlands
Canada	Northern Ireland
Chile	Oman
China	Poland
Cuba	Portugal
Czech Republic	Qatar
Denmark	Romania
Egypt	The Russian Federation
Finland	Serbia & Montenegro*
France	Slovakia
Germany	Slovenia
Great Britain	Spain
Greece	Sweden
Hungary	Switzerland
India	Thailand
Indonesia	Turkey
Iran	Ukraine
Israel	The United States of America
Italy	Zimbabwe
Jordan	

\*the Agreement came into force on 31 January 2002, with Serbia as the legal successor.



## 2. INFRASTRUCTURE

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## 2.1. Transport Infrastructure

Three Pan-European corridors pass through the Croatian territory enabling quick and easy market access:



### Pan-European Transport Corridors

V.	Venice – Trieste/Koper - Ljubljana – Budapest – Lvov
V/b branch	Rijeka – Zagreb – Goričan – Budapest
V/c branch	Ploče – Sarajevo – Osijek – Budapest
X	Salzburg – Ljubljana – Zagreb – Belgrade – Skopje – Thessaloniki
X/a branch	Graz – Maribor – Macelj – Zagreb
VII	The Danube river



## 2.1.1. Roads

### Roads in Croatia

- Constructed Highways
- - - Highways planned until 2012
- County and local roads



Source: Croatian Roads

Quick and easy access is one of the main characteristics of Croatia. The total length of the roads in the Republic of Croatia is 29,016 km (1,065 km are motorways, 6,812 km are state roads, 10,604 km are county and 10,535 km are local roads).

Total length of Croatian railroads is 2,772 km (2,468 km are single-track, and 253 km are double-track, and 980 km, or 36%, is electrified). Croatian rail network is a part of the European rail network, which proves excellent geographic position of the country.



## 2.1.2. Railways

### Railways in Croatia

- +++++ Class 1 and 2 railways
- High-speed, high-capacity Railway Rijeka - Botovo under construction
- ..... Planned construction of high-speed, high-capacity railways in the future



Source: Croatian Railroads

At the moment, the lowland railroad Botovo-Zagreb-Rijeka is under development, which will be a part of the international corridor VB. The project is worth 8 billion Kuna and includes the construction of 269 km of tracks. Project planning started a year ago, and the whole section will be double-tracked, allowing for the speed of 160 km/h. Therefore, instead of the current 3 hours and 45 minutes from Zagreb to Rijeka, the future journey will last 59 minutes, and the tracks will be 61 km shorter.

This project could increase the port capacity of Rijeka from present 15 million tons to more than 30 million tons a year. It will also connect it directly to Vukovar port. This could make the port of Rijeka the main port for Central and Eastern Europe as the journey from Rijeka to Vukovar, and further by the Danube, the Rhine, and the Main towards the Central Europe, could be shortened by 7 days. Furthermore, the distance from Rijeka to Vukovar is three times shorter than the distance from the port of Constance on the Black Sea to Vukovar.



### 2.1.3. Harbours

Croatian seaports are the most convenient ports for the naval transport from the Central, East and South Asia, Australia and Oceania to Europe (through the Suez Canal), shortening the shipping time of goods by at least 5 to 8 days. The Croatian ports also connect the Central and the Eastern Europe with the North and South America and Africa.

Croatia has 6 international seaports in the following cities:  
Rijeka, Zadar, Split, Šibenik, Ploče and Dubrovnik.

Inland waterways (river ports) open for the international transport are in the following cities:  
Sisak, Slavonski Brod, Osijek and Vukovar.

Sea Port Location	Yearly cargo traffic (tons)	Dock depth (m)	
Rijeka	13 000 000	28	■ ■ ■ ■ ■
Ploče	4 800 000	13	■ ■ ■ ■ ■
Split	3 400 000	10	■ ■ ■ ■ ■
Šibenik	1 200 000	10	■ ■ ■ ■ ■
Pula	750 000	8	■ ■ ■ ■ ■
Zadar	550 000	7	■ ■ ■ ■ ■
Dubrovnik		11	■ ■



Cargo ■ Passenger ■ Customs available ■ Storage available ■ Container storage available ■

Source: Port Authorities

#### Distance from the Port of Rijeka to Other European Countries



## Riverports and Major Seaports in Croatia

-  Major sea ports
-  Cargo river ports



Source: Port Authorities

River Port Location	Yearly cargo traffic (tons)	Dock depth (m)	■	■	■	■	■
Vukovar	1 000 000	3	■	■	■	■	■
Osijek	600 000	3-4	■	■	■	■	■
Sisak	250 000	3	■	■	■	■	■
Slavonski Brod	160 000	3	■	■	■	■	■

Cargo ■ Passenger ■ Customs available ■ Storage available ■ Container storage available ■

Croatia's inland waterway network equals 804 km, 287 km of which is a part of an international waterway network.

Source: Port Authorities



## 2.1.4. Airports

### Airports in Croatia



Source: Airport Authorities

Approximately 4 million passengers are transported through the Croatian airports every year.

**There are seven international airports in Croatia, in the following cities:**

Zagreb, Split, Dubrovnik, Zadar, Rijeka, Pula, Osijek

**There are also four landing grounds for arrivals and departures of smaller aircrafts:**

Brač, Mali Lošinj, Varaždin, Vrsar





Airport location	Yearly cargo traffic (tons)	Local	International	Passenger	Cargo	Customs available	Storage available
Zagreb	11 000	■	■	■	■	■	■
Split	1 300	■	■	■	■	■	■
Dubrovnik	846	■	■	■	■	■	■
Osijek	270	■	■	■	■	■	■
Rijeka	38	■	■	■	■	■	■
Zadar	13	■	■	■	■	■	■
Pula	10	■	■	■	■	■	■
Borovo		■	■				
Brač		■	■	■		■	
Čakovec		■	■			■	
Grobnik		■	■				
Lučko		■	■				
Mali Lošinj		■	■	■		■	
Medulin		■	■				
Otočac		■	■				
Sinj		■	■				
Unije		■	■				
Varaždin		■	■				
Vrsar		■	■	■		■	

Local ■ International ■ Passenger ■ Cargo ■ Customs available ■ Storage available ■

Source: Airport Authorities



## 2.2. Utilities Infrastructure

Croatia is a land with great natural resources – with one of the largest drinking water reserves in the world, gas fields sufficient for the domestic consumption and large energy potentials through conventional (thermal and hydro power plants) and the alternative energy sources.

### Natural Gas Infrastructure, Pipelines and Plans for Future Development

- Existing gas pipeline network
- - - Planned network extension in the near future
- - - Planned network extension after 2011
- Underground storage



Source: Plinacro

The energy market in Croatia is based on the Croatian power supplier, public company HEP. The energy market has been largely liberalized during the past years by numerous changes in the legal framework and it is now fully in accordance with the market principles. Croatian Regulatory Energy Agency ([www.hera.hr](http://www.hera.hr)) is the authorized body for the regulation of all energy-related activities.

There is a strong trend regarding the alternative electric power sources, subsidised by the state. HEP is legally obliged to buy all of such production from the remaining private or legal entities.

The production of natural gas in Croatia meets the requirements of approximately 60% of the domestic market, and PLINACRO, a Croatian company, provides the transport. Regarding the gas network projects in the next few years Croatia will be at the very top among Western European countries.



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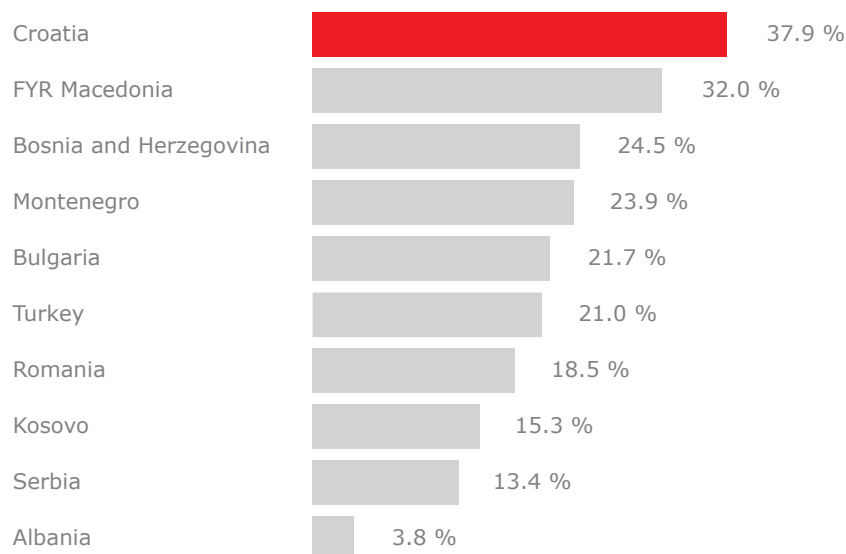
## 2.3. ICT Infrastructure

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Croatian fixed telecommunication network is 100% digitalized, and is the most modern of the Central and Eastern European countries' networks. The telecommunication market is fully liberalized, and there is a large number of operators in fixed and mobile telephony, as well as numerous Internet service providers.

In the last few years, the number of Internet users has increased significantly. There is also a large increase in the number of broadband Internet users, and the higher availability of service due to the use of WiMax wireless connectivity technology.

### Percentage of Internet users



Source: Cullen International, 2007

Croatia has developed a broadband Internet development strategy, which facilitates investments in Croatian economy. The strategy is focused on supporting development and competitiveness in broadband access services. That enables quicker and generally more accessible broadband Internet at competitive prices, encouraging development of new services and contents. Furthermore, local communities are encouraged to take part in the development of broadband data transfer through public and private partnerships, as well as through financing the development of the broadband Internet infrastructure.

Croatia is a leader in the introducing new technologies, especially in the field of data transfer and data mobility. It should be stressed that Croatia is also a leader in the implementation and commercialisation of such technologies. Apart from the already mentioned WiMax (for which Croatia is also a pioneer in this part of Europe), modern technologies like Triple play and 3G are already in use as well.



### 3. BUSINESS ZONES

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## 3.1. Larger Business Zones in Croatia

Business zones are specially marked areas owned by the Republic of Croatia and the local government. There are more than three hundred zones with ready infrastructure ranging in size from ten thousand square meters to several million square meters. Mentioned below and displayed on the map are a few of the largest, investment-ready zones.

### Some of Larger Business Zones in Croatia

- Constructed motorways
- - - Motorways planned until 2012

1. PODI-Šibenik
2. Crno
3. Sv. Helena
4. Ploče Harbour
5. Kukuzovac
6. Nova Gradiška
7. ZIB, Rajevo Selo  
- Posavci podgajci
8. Ambarine, Gradište
9. Industrial Zone south - Sisak



Zone Name	Zone Size (m <sup>2</sup> )	Available Area (m <sup>2</sup> )	County
PODI-Šibenik	5 500 000	4 300 000	Šibensko-kninska
Crno	4 000 000	4 000 000	Zadarska
Sv. Helena	1 260 000	760 000	Zagrebačka
Ploče Harbour	2 145 892	700 000	Dubrovačko-neretvanska
Kukuzovac	1 560 000	700 000	Splitsko-dalmatinska
Nova Gradiška	820 000	650 000	Brodsko-posavska
ZIB, Rajevo Selo - Posavski Podgajci	753 453	563 949	Vukovarsko-srijemska
Ambarine, Gradište	475 698	432 623	Vukovarsko-srijemska
Industrial Zone South - Sisak	411 283	331 263	Sisačko-moslavačka



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Land belonging to business zones is ready for investment projects:

- Legal issues have been settled
- Zoning documentation has been adopted
- Land is equipped with the utilities, transport and ICT infrastructure

Each of these business zones offers numerous benefits to the potential investors:

- full or partial exemption from the utilities compensation
- full or partial exemption from the utilities contributions
- participation in the costs connected to the utilities infrastructure
- low price of land
- developed infrastructure
- direct and indirect state incentives

Business zones are an ideal infrastructure basis for quick and successful realization of business activities. Apart from the land, completed business premises, as well as premises created in accordance with the requirements of space, are also at investors' disposal.

The database of the business zones in Croatia is available online at the Trade and Investment Promotion Agency web site [www.croinvest.org](http://www.croinvest.org) or directly at <http://zone.apiu.hr>

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## 3.2. Land Acquisition

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Foreign person can acquire the ownership of real estate in Croatia only if there is also a reciprocal opportunity for a Croatian person in the country of that foreign person.

The ownership and possession status of the real estate can be determined by accessing the Land Registry and Cadastre at the Municipal Court. It is necessary to check the zoning documentation in order to determine the land allocation (for example, construction, tourism, agriculture). This is followed by the real estate purchase procedure and the signing of the contract.

After the purchase contract has been signed, it is necessary to register the ownership in the land registry. In order to do this, it is necessary to submit an application form together with the necessary documentation (original or verified copy) to the land registry department of the Municipal Court,. After the registry has been carried out, the owner will receive the ownership deed.

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## 3.3. Location Permit

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The investor has to obtain a location permit for each and every construction. The location permit is an official decree granted according to the zoning documentation. Its contents and granting procedure are regulated by the Spatial Plan Act (Official Gazette No.: 76/07).

The application for the location permit is submitted by the investor to the County Office of Administration, Department for Physical Planning, Environmental Protection, Construction and Legal Matters, or to the Office of the City of Zagreb (authorized for physical planning), or associated Branch offices in the area of planned construction. Exceptionally, if certain buildings are of importance for the Republic of Croatia, or the constructions extend to the areas of two or more counties, the location permit is granted by the Ministry of Environmental Protection, Physical Planning and Construction.

Location permit contains the excerpt from the zoning documentation (on the grounds of which it was granted), depending on the type of intervention. Location permit determines:

- the form and size of the construction lot, i.e. the extent of the intervention
- allocation of the construction
- size of the building
- location of one or more buildings on the construction lot
- the shape of the building
- construction lot arrangement
- methods and conditions regarding the connection of the lot, i.e. the building, to the public traffic surface and the municipal utilities infrastructure
- means of prevention of bad environmental impact
- other elements important for construction, according to special regulations

Location permit application should also contain:

- cadastral extract
- description and the design concerning the intended intervention

If a building permit is not necessary for that type of a building, the application should contain:

- design in the sense of special regulations
- evidence that the investor has the right to build under Art. 89 of the Construction Act (Official Gazette No. 175/03 and 100/04)



## 3.4. Construction Permit

After obtaining the location permit, it is necessary to draw up the main design, and to obtain the necessary approvals for the infrastructural connections and the approvals concerning relevant inspection services (in order to obtain the construction permit enabling the beginning of the constructions). The procedure concerning the granting of the construction permit is determined by the Construction Act (Official Gazette No. 76/07).

The construction permit is granted by the State Administration Office, or Office of the City of Zagreb, authorized for the construction affairs in the area where the construction is built, unless determined otherwise by the Construction Act or any other special act. Ministry of Environmental Protection, Physical Planning and Construction is authorized to grant the construction permit for the following constructions: traffic facilities, power buildings, waterworks, industrial buildings and all other constructions that include waste management facilities, buildings in national parks, buildings of special importance for the defence of the country, buildings in the state boundary area etc.

In certain cases, an approval is necessary for complex interventions. The law also regulates the cases in which it is not necessary to obtain a construction permit.

When applying for the construction permit, the investor should also submit:

- evidence of the right to build on a certain real estate
- location permit or detailed physical planning excerpt
- three copies of the general design
- written report on the general design inspection, if such inspection is necessary
- nostrification certificate, if the design has been executed pursuant to foreign regulations
- elaboration on geotechnical and other research works

The procedure of granting the construction permit is determined by the Construction Act (Official Gazette No. 175/03 and 100/04).





## 3.5. Usage Permit

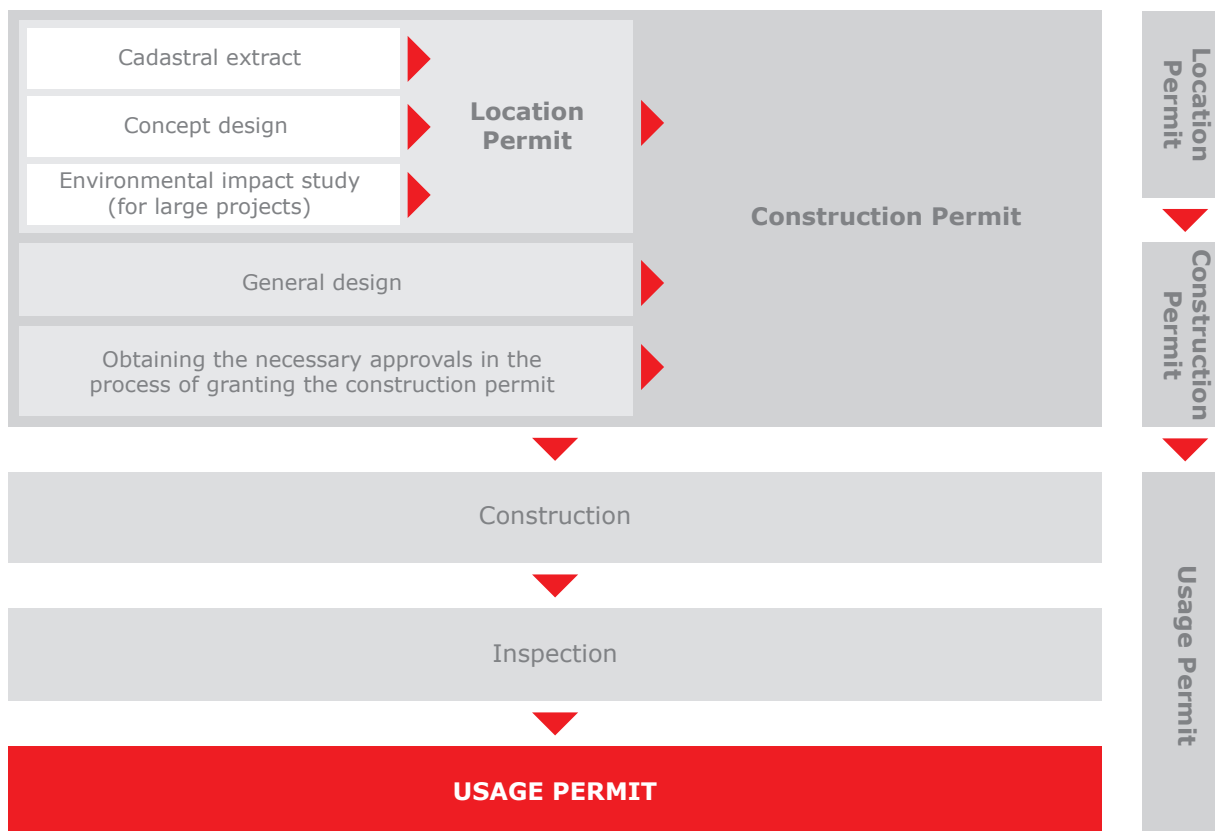
The building can only be used, i.e. put in operation, after the Usage Permit has been granted.

The Usage Permit for the building is granted after the technical survey had been carried out. The investor submits the application for the Usage Permit to the same competent national authority that granted the building permit.

In special cases, a building for which no building permit is necessary can be put in operation after delivering a written statement of the Contractor stating the works have been executed, and after delivery of the final report of the supervisory engineer concerning the construction to the building body.

The application for the Usage Permit should contain:

- a copy of the building permit
- data on the construction participants
- written statement of the Contractor on the works executed and the maintenance conditions
- final report of the supervisory engineer on the construction of the building



## 4. HUMAN CAPITAL

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## 4.1. Education System

There are 1.130 institutions of pre-school, 2.146 institutions of elementary school, 693 of secondary school and 110 institutions of higher education in Croatia.

By signing the Bologna Declaration, Croatia undertook the obligation to become a member of the uniform European system of higher education. The first generation of students enrolled in line with the Bologna system in the academic year 2005/2006.

The total number of graduated students in Croatia amounted to 19.566. In the period between 2001 and 2006 there was an increase of more than 40% in the number of students.

### Institutions of Higher Education in Croatia

- University Centre
- University Branch
- School of Professional Higher Education
- Polytechnic

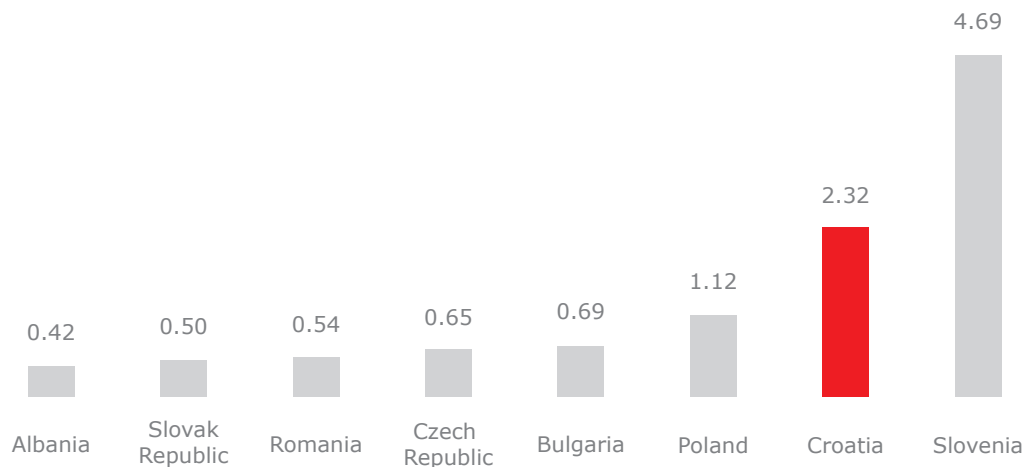


Source: Ministry of Science Education and Sports



According to the number of institutions of higher education per 100.000 inhabitants, Croatia is placed behind Slovenia and surpasses Central and Eastern European countries.

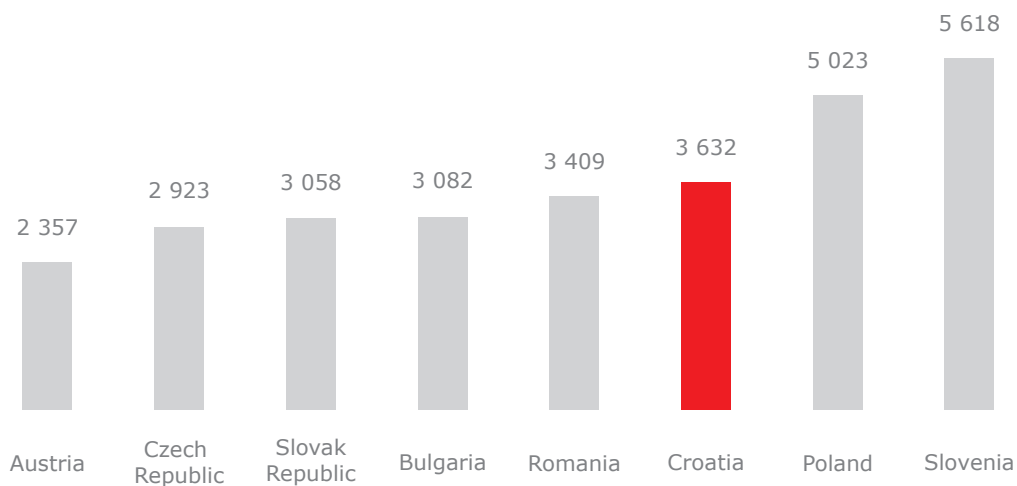
**Number of institutions of higher education per 100.000 inhabitants (academic year 2004/2005)**



Source: UNESCO

The following graph compares the number of students per 100,000 inhabitants in Croatia and other countries in the region.

**Number of students per 100.000 inhabitants (academic year 2004/2005)**



Source: UNESCO



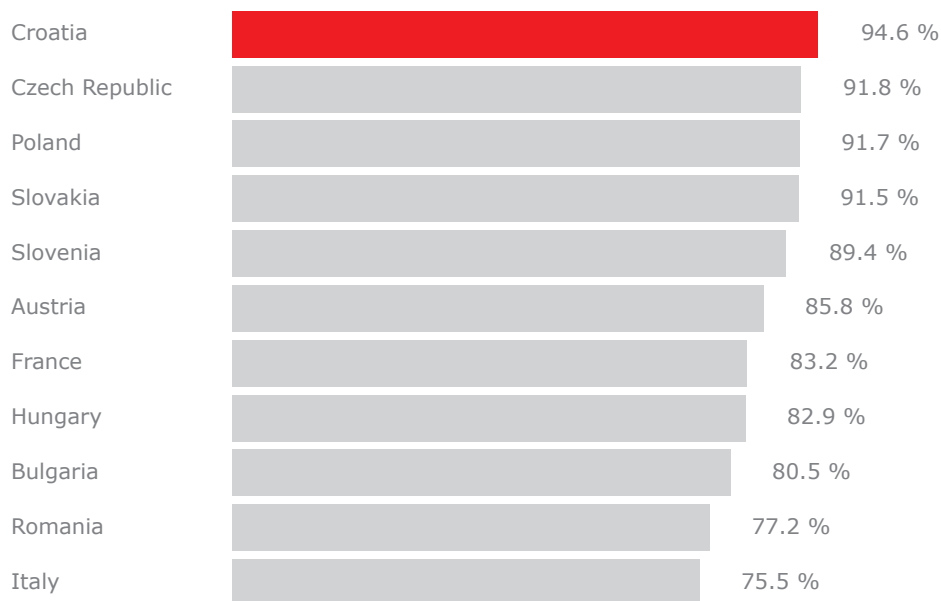
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## 4.2. Educational Structure of the Labour Force

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In order to become a knowledge based economy, Croatia makes considerable efforts to improve educational and qualification structure of the labour force. It is systematically increasing the percentage of the young people with higher education. The share of the population with secondary education for ages 20 - 24 is higher in Croatia than in the European Union. That reflects the high level of education and quality of future labour force in Croatia.

### Percentage of population with secondary education for ages between 20 and 24 (youth education attainment level in percentages, 2006)



Source: EUROSTAT, 2006

In the year 2007, according to the Croatian Employment Agency, the number of unemployed persons amounted to 264,448 in average. A total of 105,598 unemployed persons were people under 34 years of age, which is equal to 40% of the total number of the unemployed. This clearly indicates the availability of young labour force.

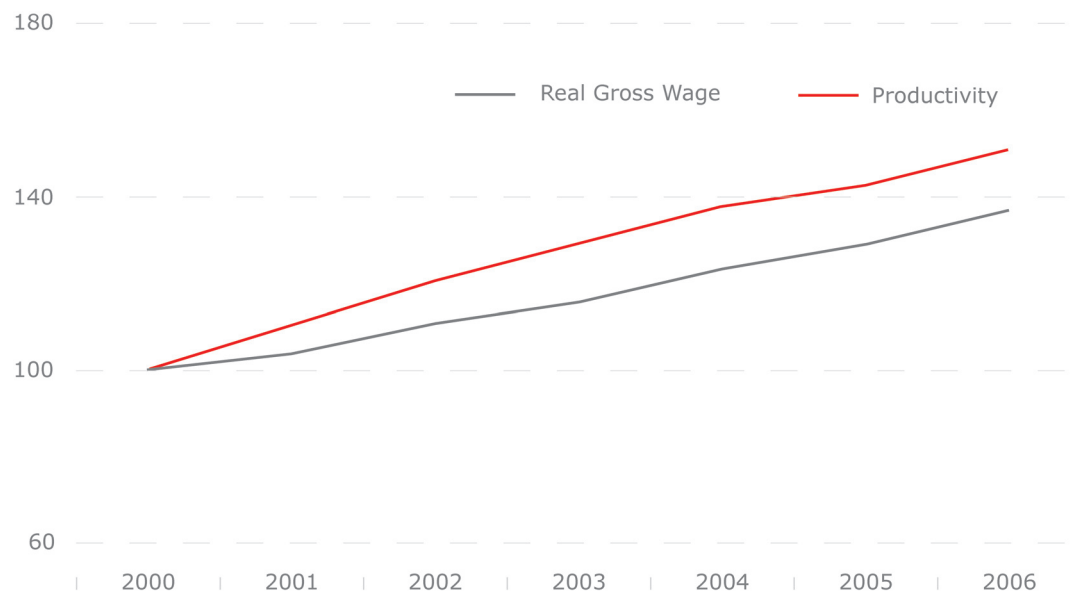
4



## 4.3. Labour Productivity

In 2006, the labour productivity in Croatia continued to grow faster than labour costs. The competitiveness of Croatian labour force is constantly increasing, which is reflected by the fact that the productivity growth rate in the industry by far surpasses the real growth rate of gross wages in the industry.

**Productivity and Real Gross Wages Trend, 2000 – 2006**



Source: Central Bureau of Statistics

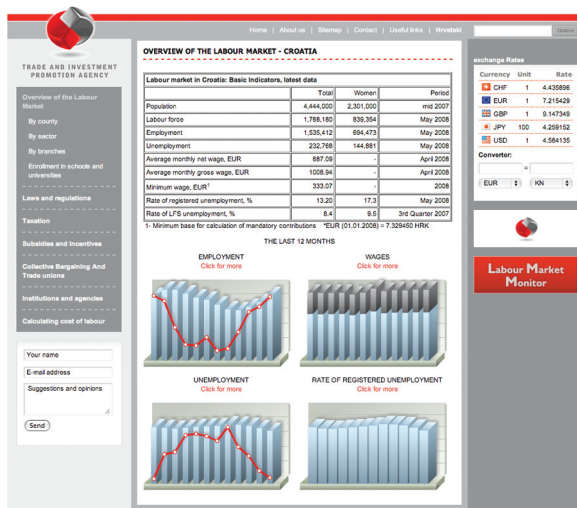


## 4.3.1. Labour Market Monitor

Trade and Investment Promotion Agency identified the need for unique place of information on Labour Market in Croatia. As a result a Labour Market Monitor Portal was developed and it's available for use.

It is a unique hub for investors, employers, researchers or public servants interested in labour markets and labour regulation in Croatia. Using this web service will provide:

- extensive labour market information including employment, unemployment, wages and education by region, sector of economic activity as well as age and gender
- relevant information about legislation and the wider regulatory environment
- labour relations and collective bargaining
- types of incentives for investors and employers
- a comprehensive wage calculator



**OVERVIEW OF THE LABOUR MARKET - CROATIA**

SECONDARY SCHOOLS/UNIVERSITIES: UNIVERSITIES

COUNTY/AREAS OF EDUCATION: COUNTY

Country: ZAGREB COUNTY

Region	Institutions of Higher learning	Course	Area of education	ISCED level	Students enrolled in 2005/2006	Graduated students in 2005	Masters of Science in 2005	Doctors of Science in 2005
ZAGREB COUNTY			TOTAL		1355	115	0	0
ZAGREB COUNTY	COLLEGE OF BUSINESS AND MANAGEMENT, ZAPREŠIĆ	PROJECT MANAGEMENT - SPECIALIST STUDY	Business and administration	34	50	48		
ZAGREB COUNTY	COLLEGE OF BUSINESS AND MANAGEMENT, ZAPREŠIĆ	CULTURAL MANAGEMENT	Business and administration	34	50	135	15	
ZAGREB COUNTY	COLLEGE OF BUSINESS AND MANAGEMENT, ZAPREŠIĆ	BUSINESS SECRETARY	Business and administration	34	50	158	45	
ZAGREB COUNTY	COLLEGE OF BUSINESS AND MANAGEMENT, ZAPREŠIĆ	BUSINESS ECONOMICS AND FINANCE	Business and administration	34	50	569	55	
ZAGREB COUNTY	POLYTECHNIC IN COUNTY VELIKA GORICA	CRISIS SITUATION MANAGEMENT	Security services	86	50	87		
ZAGREB COUNTY	POLYTECHNIC IN COUNTY VELIKA GORICA	HUMANITARIAN DEMINING	Security services	86	50	2		
ZAGREB COUNTY	POLYTECHNIC IN COUNTY VELIKA GORICA	PYROTECHNOLOGY	Security services	86	50	25		
ZAGREB COUNTY	POLYTECHNIC IN COUNTY VELIKA GORICA	AIRCRAFTS MAINTENANCE	Engineering and engineering trades	52	50	38		
ZAGREB COUNTY	POLYTECHNIC IN COUNTY VELIKA GORICA	MAINTENANCE OF MOTOR VEHICLES	Engineering and engineering trades	52	50	58		
ZAGREB COUNTY	POLYTECHNIC IN COUNTY VELIKA GORICA	COMPUTER SYSTEMS MAINTENANCE	Computing	48	50	257		

Visit [www.croinvest.org/labourmonitor](http://www.croinvest.org/labourmonitor) ...



## 5. COSTS OF DOING BUSINESS

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5.4. Utilities	42
5.4.1. Electricity	
5.4.2. Natural Gas	
5.4.3. Water	

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Costs of doing business in Croatia are significantly lower than those in the European Union.  
The prices of electricity, natural gas and telephone prices are among the lowest in the region.

## 5.1. Salaries

Contributions (social taxes) from and to the salaries are paid at the rate of 37.2% where 20% is paid by the employee and 17.2% is paid by the employer.

Here is an example of a 1000 EUR gross salary, earned in Zagreb\* where the local surtax rate equals 18%. The taxpayer is entitled to a personal allowance calculated on the basis of factor 1. which equals 246.58 EUR (exchange rate used for this calculation 1 EUR = 7.3 HRK) .

	<b>Liability</b>
<b>Total Cost to the Employer</b>	<b>1172.00 EUR</b>
Mandatory contribution paid by the Employer 17.2%	<b>172.00 EUR</b>
<b>Gross Salary</b>	<b>1000.00 EUR</b>
Obligatory contributions paid by the employee (Pension insurance pillar I 15% and pension insurance pillar II 5%)	<b>200.00 EUR</b>
<b>Income</b>	<b>800.00 EUR</b>
Personal allowance (1)	<b>246.58 EUR</b>
Tax base	<b>553.42 EUR</b>
Tax (15%) for salary amounts below 493.15 EUR	73.97 EUR
Tax (25%) for salary amounts between 493.15 and 1232.88 EUR	15.07 EUR
Tax (35%) for salary amounts between 1232.88 and 3452.05 EUR	0.00 EUR
Tax (45%) for salary amounts above 3452.05 EUR	0.00 EUR
Total tax amount	<b>89.04 EUR</b>
Surtax - 18% of total tax amount	<b>16.03 EUR</b>
Total income after tax and surtax	<b>448.36 EUR</b>
<b>NET SALARY - personal allowance + income after taxation (EUR)</b>	<b>694.94 EUR</b>

\*Zagreb is the most expensive city in Croatia regarding salaries and surtax rate

5



Average Wages in Croatian Counties	Net wage (EUR)	Gross wage (EUR)
Republic of Croatia *	629	906
Bjelovar-Bilogora County	536	745
Brod-Posavina County	544	749
City of Zagreb	732	1,100
Dubrovnik-Neretva County	612	869
Istra County	628	895
Karlovac County	585	821
Koprivnica-Krizevci County	580	815
Krapina-Zagorje County	523	723
Lika-Senj County	572	789
Međimurje County	500	692
Osijek-Baranja County	551	768
Pozega-Slavonia County	533	735
Primorje-Gorski Kotar County	627	891
Sisak-Moslavina County	585	829
Split-Dalmatia County	600	849
Šibenik-Knin County	578	811
Varazdin County	524	732
Virovitica-Podravina County	525	720
Vukovar-Syrmia County	547	753
Zadar County	604	842
Zagreb County	624	898

Source: Central Bureau of Statics, 2006

## 5.2. Real Estate

Industrial land price (EUR/m <sup>2</sup> )	
Republic of Croatia *	-
Bjelovar-Bilogora County	6 - 7
Brod-Posavina County	0.12 - 6
City of Zagreb	-
Dubrovnik Neretva County	5 - 500
Istria County	5 - 150
Karlovac County	4 - 9
Koprivnica-Križevci County	0.12 - 30
Krapina-Zagorje County	5 - 120
Lika-Senj County	4 - 30
Međimurje County	1.5 - 50
Osijek-Baranja County	0 - 9
Požega-Slavonija County	0.2 - 8
Primorje-Gorski Kotar County	27 - 85
Sisak-Moslavina County	0.5 - 40
Split-Dalmatia County	12 - 13
Šibenik-Knin County	0.2 - 5
Varaždin County	3 - 20
Virovitica-Podravina County	0.2 - 7
Vukovar-Syrmia County	0.2 - 10
Zadar County	1 - 35
Zagreb County	5 - 30

Source: Central Bureau of Statistics

Office space	Purchase (EUR/m <sup>2</sup> )	Rent (monthly, EUR/m <sup>2</sup> )
Croatia	791 avg.	5 - 17
Zagreb	1.510 avg.	12 - 20
Living space		
Croatia	2.127 avg.	
Zagreb	2.241 avg.	10 - 18
Warehouse space	Building (without land, EUR/m <sup>2</sup> )	
Croatia	350 - 750	0.12 - 5
Zagreb	400 - 1100	5 - 8

Source: King Sturge, First Quarter 2008 estimate

5



## 5.3. Telephony

### Fixed Telephony

Telephone Connection Costs		82.43 EUR
Monthly Telephone Subscription	Private parties	8.21 EUR
	Companies	9.58 EUR
Local Calls		0.01 – 0.03 EUR/minute
International Telephone Calls from Croatia	Europe	0.28 – 0.37 EUR/minute
	World	1.64 – 6.02 EUR/minute

### Mobile Telephony

Local calls		0.16 – 0.34 EUR/minute
SMS		0.03 - 0.06 EUR/message
MMS		0.27 EUR/message
International Telephone Calls	Europe	0.31 – 0.91 EUR/minute
	World	0.91 – 2.42 EUR/minute
INMARSAT		7.5 – 9.89 EUR/minute

Source: Croatian Telecom

## 5.4. Utilities

**Utilities fee** is paid monthly by the physical and legal entities in a specific city or municipality. It is used for financing of the utilities system, which includes: potable water supply, wastewater disposal and purification, public passenger transport, municipal waste disposal, maintenance of public surfaces, etc. The amount of municipal fee is set by the city or municipality authorities according to built infrastructure, location of the object (by zones) and the purpose of the object. Municipal fee is charged per square meter.

**Utilities contribution** is a one-time charge, which is paid for construction or reconstruction of objects. It is calculated for newly developed cubic meters, before a construction permit is issued. It is set by municipalities or cities. It can vary depending on volume of the building (m<sup>3</sup>) and it's location.

	Utilities Compensation (Average)		Utilities Contribution (Average)	
	Living space	Office space	Living space	Office space
Zagreb	0.04 EUR/m <sup>2</sup>	0.46 EUR/m <sup>2</sup>	17.46 EUR/m <sup>3</sup>	17.46 EUR/m <sup>3</sup>
Osijek	0.06 EUR/m <sup>2</sup>	0.41 EUR/m <sup>2</sup>	8.80 EUR/m <sup>3</sup>	10.17 EUR/m <sup>3</sup>
Rijeka	0.07 EUR/m <sup>2</sup>	0.54 EUR/m <sup>2</sup>	14.02 EUR/m <sup>3</sup>	23.73 EUR/m <sup>3</sup>
Split	0.06 EUR/m <sup>2</sup>	0.54 EUR/m <sup>2</sup>	19.01 EUR/m <sup>3</sup>	19.01 EUR/m <sup>3</sup>

Source: Ministry of Environmental Protection, Physical Planning and Construction

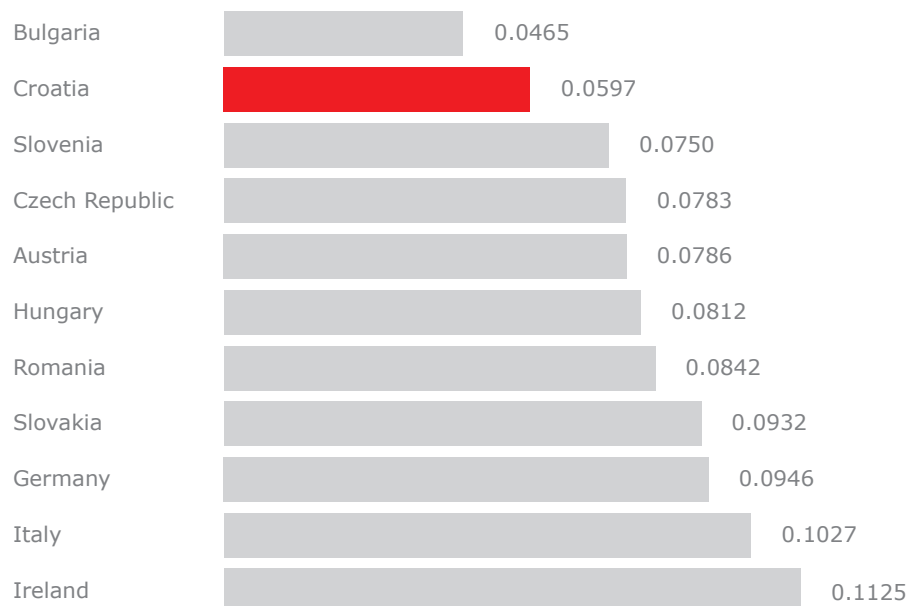


## 5.4.1. Electricity

Electricity	Connection Price	Price for Large Industrial Users
Croatia	222.57 (EUR/kW)	0.02 – 0.14 EUR/kWh
Zagreb	280.27 (EUR/kW)	0.02 – 0.14 EUR/kWh

Source: HEP d.d.

### Electricity prices – Industry (EUR, kWh), 2007



Annual consumption of 41 860 GJ, and load factor of 200 days (1 600 hours). Prices are given in Euro (without taxes) per GJ corresponding to prices applicable on 1 January each year.

Source: Eurostat

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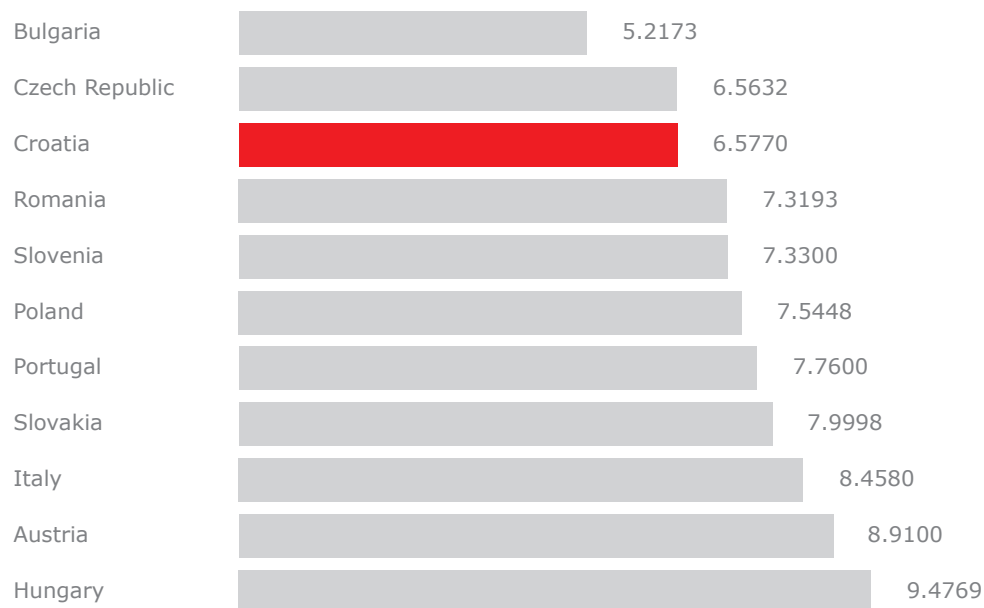


## 5.4.2. Natural Gas

Natural gas	Industry / Household (EUR/m <sup>3</sup> )
Zagreb	0.21
Osijek	0.21
Rijeka	N/A
Split	N/A

Source: Ministry of Environmental Protection, Physical Planning and Construction, HEP

### Gas prices - Industry (EUR, Gigajoule), 2007



Annual consumption of 41 860 GJ, and load factor of 200 days (1 600 hours). Prices are given in Euro (without taxes) per GJ corresponding to prices applicable on 1 January each year.

Source: Eurostat



### 5.4.3. Water

#### Water Contribution (Average)

Office space, except production plants	8.56 EUR/m <sup>3</sup>
Production plants	2.03 EUR/m <sup>3</sup>
Open business buildings	4.05 EUR/m <sup>2</sup>
Other open buildings (sports and recreational activities)	2.03 EUR/m <sup>2</sup>

Source: The Water Act (articles 107/95, 150/2005) and The Water Management Financing Act (107/95, 19/96, 88/98, 150/2005)

#### Water Consumption Price

#### Industry / Household (EUR/m<sup>3</sup>)

Zagreb	1.33
Osijek	1.43
Rijeka	0.94
Split	0.94

Source: Ministry of Environmental Protection, Physical Planning and Construction

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## 6. LEGAL ENVIRONMENT

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## 6.1. Foreign Investors' Status

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According to the Company Law, domestic and foreign companies conduct their business activities under equal conditions. A foreign investor may establish, or participate in the establishment of a company and may acquire rights and/or obligations as any other domestic investor. Foreign investors, with the headquarters or residence in a non - WTO member country, need to meet the reciprocity condition.

The national treatment is applied to all forms of foreign investments, which means that the foreign investors, when executing their business activities, are considered to be domestic legal entities with all rights and obligations as applies to domestic investors.

The Constitution of the Republic of Croatia provides several guarantees for foreign investors. It is specially stipulates that all rights acquired by the investment of capital can not be restricted by law or any other legal act, and that the foreign investors are guaranteed free transfer and repatriation of the profit and invested capital.

A foreign party who wishes to purchase real estate in Croatia can be granted such a right only subject to the condition that the same right is granted to Croatian citizens in the domicile of such foreign party. A foreign party may establish a company in Croatia which can, as a domestic legal entity, purchase real estate without any restrictions.

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## 6.2. Intellectual Ownership Rights

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Croatia is a member of the World Intellectual Property Organization (WIPO) and is a signatory of all basic international instruments in the field of intellectual property. At the end of 2003, the Croatian Parliament enacted a number of acts in the field of intellectual property, including copyright and similar rights, trademarks, patents, industrial design, denotations of geographic origin and others, harmonising the domestic legal rules with the European and international standards. The official body for the registration of intellectual rights is the State Office for Intellectual Property ([www.dziv.hr](http://www.dziv.hr)).

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## 6.3. Concessions

In accordance with the Law on Concessions, concessions may be granted for the use of the natural resources, for the execution of business activities of exceptional importance for the Republic of Croatia and for the construction and use of the buildings necessary for such activities. Concessions may be granted for a maximum period of 99 years, to domestic and foreign physical and legal entities.

The decision concerning the concession allocation is taken by the Parliament, the Government or an authorized Ministry, depending on the nature of investment, after a public collection of bids, public tender or after submitting a corresponding application.

All concessions agreements are recorded at the unified register of concessions kept by the Ministry of Finance. The concessions agreements concerning real estate are recorded at the land registries.

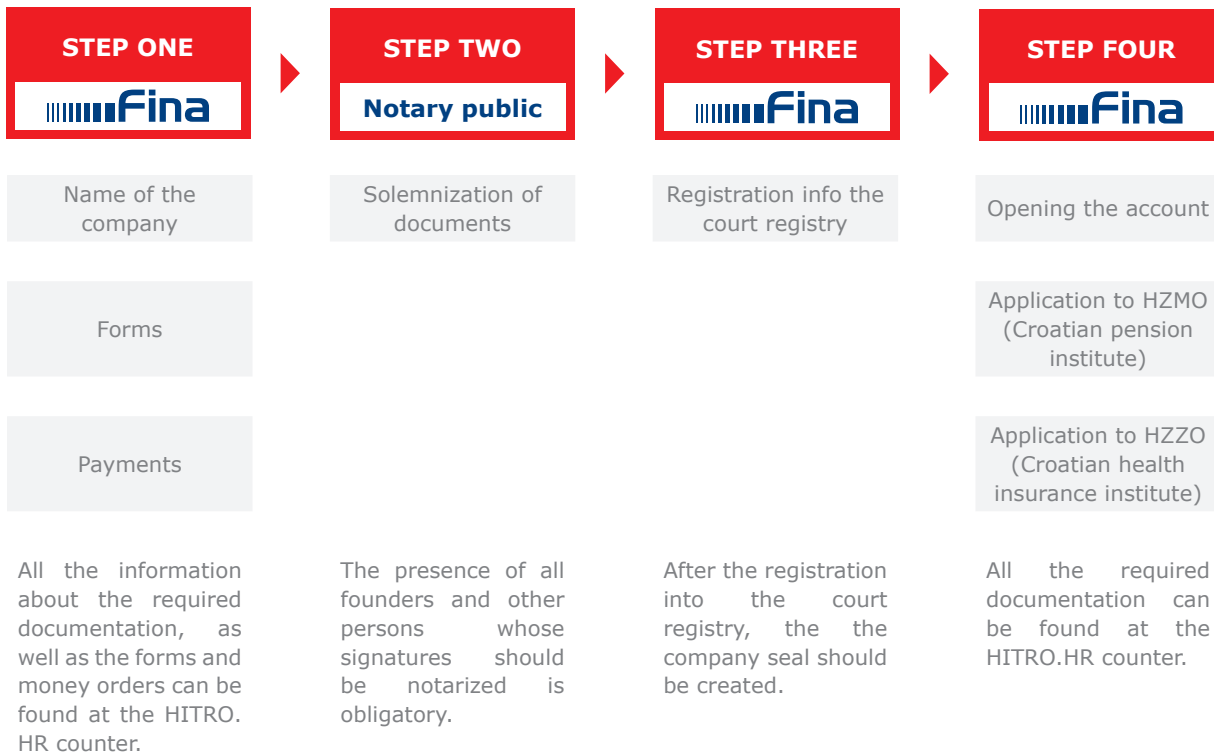
## 6.4. Establishing a company

In order to speed up and simplify the procedure of establishing a company, the government service HITRO.HR was established which, with its more than 20 offices, fully covers Croatian territory. HITRO.HR accelerates the procedure, making the state administration activity more efficient, flexible and transparent, enabling the investor to establish a company within 8 working days.

Company	Short Description
Limited Liability Company (d.o.o.)	Minimal founding capital amounts to approximately 2,700 EUR (20,000 HRK) whereof at least 1,350 EUR (10,000 HRK) must be paid in before the entry into the register.
Joint Stock Company (d.d.)	Minimal founding capital amounts to approximately 27,000 EUR (200,000 HRK) with the minimal share par value of approximately 1.35 EUR (10 HRK).
Public Limited Company (j.t.d.)	Represents two or more joined physical or legal entities, where the members are liable in solidarity, with their full assets for all Company obligations.
Limited Partnership Company (k.d.)	At least one member is liable in solidarity with their full assets for the company obligations, and at least one member answers up to the amount of their share in the company.



## Company Establishment Organization Scheme



### 6.4.1. Step One

By coming to the HITRO.HR counter in FINA, you initiate the process of establishing a Limited Liability Company. First step is to name your company. Besides the suggested name for the company, the customers should prepare alternative names, because there is a possibility that a company with the same or similar name already exists in the database. The Internet site of the Ministry of Justice <http://sudreg.pravosudje.hr> is available for consulting when selecting a name.

All the information about the required documentation, as well as the forms and money orders, can be found at the HITRO.HR counter or the Internet site [www.hitro.hr](http://www.hitro.hr).



## 6.4.2. Step Two

The application for registration in the court registry (Form Po) and some of its enclosures should be notarized by the notary public. When going to the notary public, you should take your ID or passport (obligatory for the foreign citizens). The presence of all founders and other persons whose signatures should be notarized is obligatory. All documents except the application and the statement of the establishment may also be verified by a notary public outside the Republic of Croatia. All documents may be signed pursuant a power of attorney, except the ones where the personal signature is necessary (member of the board).

### **The Following documents should be notarized or solemnized by the notary public**

- Application for registration in the court registry (Form Po)
- Inaugural act - public contract (has to be signed by all founders) or the statement about the establishment of the Limited Liability Company (if the company is being founded by a single person)
- Statement of acceptance by the members authorized for representing the Limited Liability Company
- Decision about the naming of the management board members
- Signature of the director or the management board members
- Signatures of the supervisory board members  
(if the Limited Liability Company has a supervisory board)
- Decision about the naming of the procurator  
(if the Limited Liability Company has a procurator)
- Signature of the procurator (if the Limited Liability Company has a procurator)
- Decision about the Limited Liability Company address

## 6.4.3. Step Three

The application for the registration into the court registry, with all the other necessary documentation, should be submitted on the HITRO.HR counter in FINA. After the registration into the court registry, the decision will be send to you by the Commercial court.

After the registration into the court registry, you should have the company seal made.

The documentation necessary for the entry is available at the HITRO.HR counter or on the website [www.hitro.hr](http://www.hitro.hr).

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#### 6.4.4. Step Four

After the passing of the Notice of classification of the business entity according to the National classification of activities of the National Institute for Statistics, you can acquire the above mentioned Notice on the HITRO.HR counter in FINA.

After acquiring the Notice of classification, you can open the bank account at the HITRO.HR counter or in the bank.

##### The following documents are necessary:

- Decision about the registration into the court registry (submit the copy, the original should be presented for inspection)
- Notice of classification from the National Institute for Statistics (submit the copy, the original should be presented for inspection)
- Seal
- ID

The application for commencing the business of the contribution (social tax) payer (Form M-11P) and Application for commencing of the insurance (Form M-1P) can be submitted on the counter of **Croatian Institute for Pension Insurance (HZMO) in FINA**, within 15 days from the opening of the business.

##### The following items should be presented for inspection along with the M-11P application:

- Decision about the registration into the court registry (for the company branches too, if there are branches)
- Notice of classification from the National Institute for Statistics
- Signature card
- Seal

##### The following items should be presented for inspection along with the M-1P application:

- Work contract
- Employment record
- ID
- Work permit (if the employee is a foreign citizen)

continued on page 52 >

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Application of the contribution payer (Form 1), Application for the basic health insurance for the insured person (Form 2) and Application for the basic health insurance of a family member (Form 3) can be submitted on the counter of **Croatian Institute for Health Insurance (HZZO) in FINA**, within 15 days from the opening of the business.

**The following documents are necessary:**

- Decision about the registration into the court registry (submit the copy, the original should be presented for inspection)
- Notice of classification from the National Institute for Statistics (submit the copy, the original should be presented for inspection)
- Application to HZMO (copy of the Forms M-11P and M-1P)
- Proof about place of residence (certification from Ministry of Internal Affairs or ID)
- Work contract

After the registration into the court registry and the registry of the National Institute for Statistics, it is necessary to register the company in the authorized tax administration office (jurisdiction according to the main office of the Limited Liability Company), because the registration into the registry of the income tax payers and the value added tax (The decision about the registration into the court registry, the notice of classification and the signature card should be presented for inspection).

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## 6.5. Setting up a Branch Office

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A branch office is not a legal entity, but takes over, in the execution of its activities, the rights and obligations for the account of its foreign founder. The branch office executes its activity under the company of the founder, who should also have the headquarters in Croatia.

The branch office is set up:

- by a special decision brought by the craftsman/the owner of the company in accordance with the statement about the establishment of the company

or

- by a special decision brought by a relevant body of the company in accordance with the statement about the establishment of the company, public contract or company statute



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The statement about the establishment of the branch office shall be notarised by a notary public and it should contain:

- company and headquarters of the founder and the headquarters of the branch office
- business subject of the founder and the branch office activity
- the amount of the founding capital and the amount of the shares paid, if the founder is a limited liability or a joint stock company
- names of the company members personally liable for the obligations of a company or a craft, if the founder is a public limited or limited partnership company
- name, or names and the residence of the persons with the branch office authorized to represent the founder in business activities

The branch office is registered in the Court registry in accordance with the address of the branch office headquarters.

Apart from the application, it is necessary to submit the following documents in the native language and the notarised translation into Croatian for the registration of the branch office:

- Registry excerpt containing information on the founder, the legal form and the time of the establishing of the foreign company (whose branch office is being established in Croatia)
- decision of the founder on establishing the branch office
- certified transcript of the statement about the establishment of the company in accordance with the rules of the country the founder has registered headquarters in (public contract or company statute)
- certified short version of the financial report for the founder's previous business year

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## 6.6. Opening a Representative Office

A representative office is not a legal entity and its purpose is limited to the activities concerning market research and the representation of the founder. Representative office carries its activities under the founder's company. Any foreign party executing a business activity or a national or international business association may open a representative office in Croatia.

The representative office is registered in the Foreign Party Representative Registry in Croatia (with the Ministry of Economy, Labour and Entrepreneurship). A representative office may start its activities only after the registration.

The application for the entry, submitted by a foreign party or their authorized representative, shall contain:

- company name, headquarters and business activity of the founder
- headquarters of the representative office in Croatia
- basic data concerning the party responsible for the representative office activity (name, surname, Social Registration Number -JMBG for Croatian citizens and, for foreign citizens, passport number and the country that issued it)

Apart from the application, the following documentation shall be submitted as well:

- decision of the founder concerning the establishment of a representative office
- document on the registration of the foreign citizen in the Registry of the country of origin or any other valid document on establishment under the regulations of the country where the founder's headquarters is (the legal form and the time of the establishing of the foreign company should be clear from the document)
- description of the representative office activities
- decision on the appointment of the person responsible for the representative office activities (executive)
- evidence on paid administration tax

The documents shall be submitted in the original language and in the certified translation into Croatian. The Ministry of Economy, Labour and Entrepreneurship shall register the representative office in the corresponding Register within 30 days of application and documentation submission.



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## 6.7. Legal Validation / Verification of Documents in the International Legal Traffic

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In order to use foreign public documents in the international legal traffic, it is necessary to undergo the procedure of their legal validation. Private documents, after being certified by an authorized body of the country that issued them, shall be submitted to the procedure of legal validation as well, in order to acquire the status of a valid public document. By such verification only the seal and the official's signature on the document are certified, without certifying its contents.

Public documents issued abroad may be used in the Republic of Croatia, if the legal validation was executed in the country that issued them, and certified accordingly with the Croatian diplomatic mission or consular office in that country (provided they are translated into Croatian) or, if such documents are, after legalization in accordance with the rules of the domicile country, validated by the diplomatic/consular representation of such a country in the Republic of Croatia and are validated, subsequently, by the Ministry of Foreign Affairs of the Republic of Croatia.

In case that the Republic of Croatia has no diplomatic/consular representation in the country where the documents were issued, nor is there a diplomatic/consular representation of the country that issued them in the Republic of Croatia, the validation shall be executed in a third country, where both of these countries have their diplomatic/consular representation. After the document has been certified by authorized bodies of the domicile country, it shall be verified by a diplomatic/consular representation in the third country, thereafter with the Ministry of Foreign Affairs of that third country and, finally, by the diplomatic/consular representation of the Republic of Croatia in that third country.

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## 6.8. Employment of Foreign Citizens

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Foreign citizens can work in Croatia on basis of the work or business permit and, in exceptional cases as regulated by the Aliens Act, a foreign citizen can work without a work permit. The Croatian Government brings the decision on annual quota of the work permits to be issued, following the recommendation of the Ministry of Economy, Labour and Entrepreneurship.

The Aliens Act (Official Gazette 79/07) prescribes the provisions related to the entry, stay and work of nationals of EEA member states and their family members (Title XI of the Act), as well as the provisions related to the stay and work of third-country nationals who have been granted permanent stay in another EEA member state and their family members (Title XII of the Act). These provisions shall enter into force on the day of accession of the Republic of Croatia to the European Union.

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**The Aliens Act prescribes the following categories of aliens that shall be exempted from the work or business permit requirement, provided that they do not reside in the Republic of Croatia for more than 30 days during a year:**

1. Aliens who, in line with specific regulations, provide services in tourism on behalf of foreign employers
2. Procurators, management and supervisory board members of companies who perform certain work for a company, not being employed by the company
3. Representatives of religious communities while performing work exclusively related to the religious service
4. Artists and technical staff participating in opera, ballet, theatre, concert, visual arts and other cultural events
5. Authors and film, television, musical, stage, dancing and ballet performers, as well as accompanying reporting, organisational and technical staff
6. Persons participating in sports events and competitions in the Republic of Croatia
7. Experts for cultural heritage protection, library and archives science
8. Aliens engaged in activities related to the delivery, assembly or services of machinery and equipment, whose work is included as a condition in warranty rights, or is related to the delivery of machinery or equipment
9. Aliens participating at fairs or exhibitions at which their employers exhibit
10. Aliens participating at organised professional gatherings and seminars
11. Aliens employed in circuses or amusement parks
12. Aliens performing professional education and training of persons employed with legal entities and natural persons in the Republic of Croatia
13. Aliens attending professional training in a legal entity having seat in the Republic of Croatia which is linked to the foreign employer in organisational terms
14. University professors, native speakers of foreign languages, foreign-language instructors and other lecturers invited by Croatian universities, scientists participating in scientific and professional training, scientists – representatives of international organisations, as well as scientists who will participate in scientific and research projects important for the Republic of Croatia
15. Administrative staff, experts, teachers and lecturers from foreign cultural and educational institutions, performing their work in the Republic of Croatia as part of cultural and educational co-operation programmes
16. Civil and military government officials from other countries, working in the Republic of Croatia on the basis of co-operation agreements with the Government of the Republic of Croatia,
17. Members of international missions doing scientific research in the Republic of Croatia approved by the Government of the Republic of Croatia
18. Foreign correspondents accredited in the Republic of Croatia or foreign media reporters
19. Aliens performing activities or professional training pertaining to defence and home affairs on the basis of international treaties

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The mentioned categories of aliens shall not start working prior to having obtained a **certificate of the acknowledgment of work without work or business permit** issued by the competent local police administration or police station depending on the location on which business is being carried out (Article 139 of the said Act).

### 6.8.1. Work Permit

**An application for the issuing a work permit is submitted by the employer** to the authorized police administration or police station, according to the employer's headquarters.

**In addition to the application for the issuing of work permit** (the form is available on the Ministry of Interior web site [www.mup.hr](http://www.mup.hr)) the employer should submit the following:

- An employment contract or a written confirmation about a concluded employment contract, or another appropriate contract
- Job description or type of work and working conditions
- Evidence on the alien's professional qualifications and skills
- Certificate of company, branch office, representative office, craft, association or institution registration in the Republic of Croatia
- Certificate of the settled tax obligations and contributions
- A statement substantiating employment of an alien

In case of an **extension of the work permit**, in addition to the above mentioned documentation, the employer should submit the following:

- A copy of the previously issued work permit
- A copy of the signed employment contract or other relevant contract
- A copy of the Foreigner's employment record

The employer should sign the employment contract, or other relevant contract, with the mentioned foreign party in a written form, before the beginning of actual work. In case of an employer and employee dislocation or impossibility to sign the contract due to medical reasons, it should be signed at the latest within 15 days following the day of the issuing of the work permit. If the contract is not signed in writing, the employer should submit, before the beginning of the work and at the latest within 15 days following the issuing of the work permit, a written confirmation of the signed contract.

The work permit is granted for a limited period of time, with the validity period identical to the employment contract (or any other relevant contract), but for two years at the longest.

The foreigners who were granted a work permit should report their temporary stay, with the purpose of working in Croatia, to the competent authority or police station.

The employer should submit the application for the extension of the work permit at the latest 45 days before it expires.



## 6.8.2. Business Permit

The novelty of the new Act is also that business permit is no longer defined as residence and work permit, but only as a permission to work in the Republic of Croatia.

### Business permit shall be issued to:

1. Private founders of companies entered into the Court Register, who carry out business in the Republic of Croatia
2. Sole proprietors who have registered their business in the Republic of Croatia
3. Persons engaged in freelancing, in line with the regulations of the Republic of Croatia
4. Aliens providing services on behalf of a foreign employer (Article 132(1) of the said Act)

Business permit may be issued to private founders of companies and sole proprietors only on the basis of **approval by the state administrative office responsible for economic affairs** (Article 132(4) of the said Act).

Business permit may be issued to persons engaged in freelancing only on the basis of **approval by the state administrative office responsible for businesses carried out by aliens** (Article 132(5) of the said Act).

Business permit may be issued to aliens providing services on behalf of a foreign employer only on the basis of **approval by the state administrative office responsible for the respective services** (Article 133(3) of the said Act).

**Aliens who have been granted business permit on the basis of the Aliens Act (Official Gazette 109/03) shall fulfill the prerequisites for obtaining business permit set out in the Aliens Act (Official Gazette 79/07) within 10 months from its entry into force (Article 217(6) of the said Act).**

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### 6.8.3. Temporary Stay

**The novelty in the Aliens Act is that the FIRST TEMPORARY STAY PERMIT should be requested at the competent diplomatic mission or consular post of the Republic of Croatia (Article 48(1) of the said Act).**

**An alien may apply for the first temporary stay permit at a local police administration or a police station in the following cases:**

- Serious humanitarian reasons
- Request for the family reunification with an asylee
- Where the person concerned is the holder of a scholarship within the framework of a programme approved by the ministry responsible for education and science matters
- Where the matters concern aliens referred to in Article 132(1)(1) and (2) of the Aliens Act (private founders of companies and sole proprietors)

**Temporary stay shall be granted on the following grounds:**

- Family reunification
- Work
- Secondary school education and university-level studies
- Scientific researches
- Humanitarian grounds

Exceptionally, an alien may be granted temporary stay for other purposes, for a maximum period of 6 months within a single year (Article 51 of the Aliens Act).

**Autonomous stay** – a type of temporary stay which shall be granted to aliens who have been granted temporary stay for the purpose of family reunification for an uninterrupted four-year period at least, provided that they meet the conditions for granting temporary stay in the Republic of Croatia (Article 61(1) of the said Act).

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## 7. TAX SYSTEM

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## 7.1. Profit Tax

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The profit tax rate is 20%.

Withholding tax is paid at the rate of 15% for interest paid to foreign legal persons, and for copy right and other intellectual property rights, for market research services, tax consultancy and audit services, as well as business consultancy services paid to foreign persons. As of 2005 there is no withholding tax on dividends.

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## 7.2. Income Tax and Surtax

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Income tax rates are progressive rates, ranging from 15% to 45%

Tax Rates	The Monthly Tax Base	The Annual Tax Base
15%	up to HRK 3 600.00	up to HRK 43 200.00
25%	HRK 3 600.00 to HRK 9 000.00	HRK 43 200.00 to HRK 108 000.00
35%	HRK 9 000.00 to HRK 25 200.00	HRK 108 000.00 to HRK 302 400.00
45%	over HRK 25 200.00	over HRK 302 400.00

In addition to the income tax, the taxpayer also pays the surtax on income tax, levied by municipalities and cities. The basis for the surtax calculation is the amount of income tax. The surtax rates range from 1% to 18%, the highest rate being applied only in Zagreb (18%).

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## 7.3. Value Added Tax

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When calculating the VAT, three rates are applied. The general rate is **22%**. The rate of **10%** is imposed on the following tourist services: accommodation service or bed and breakfast accommodation, half board or full board in all types of commercial catering premises as well as the agency fees for such service. The rate of **0%** is applied to all types of bread and milk, books and scientific magazines (printed and published on the CV/DVD media, video-cassettes and audio cassettes), schoolbooks, certain medicals and orthopaedic aids and public displaying of movies.

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## 7.4. Real Estate Transfer Tax

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Real estate Transfer tax rate is 5% for acquiring existing real estates and 22% for obtaining newly built real estates. Real estate Transfer tax is paid by the buyer.

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## 7.5. Double Taxation Treaties

All treaties signed by the Republic of Croatia are based on the Model for Double Taxation Treaties, harmonized with the model of the Organization for Economy Cooperation and Development (OECD).

State	Subject of the Agreement	Applying from
Albania	Income and capital	1 January 1998
Austria	Income and capital	1 January 2002
Belgium	Income and capital	1 January 2005
Belarus	Income and capital	1 January 2005
Bosnia and Herzegovina	Income and capital	1 January 2006
Bulgaria	Income and capital	1 January 1999
Canada	Income and capital	1 January 2000
Chile	Income	1 January 2005
China	Income	1 January 2002
Czech Republic	Income and capital	1 January 2000
Denmark	Income and capital	8 October 1991
Estonia	Income	1 January 2005
Finland	Income and capital	8 October 1991
France	Income	1 January 2006
Germany	Income and capital	1 January 2007
Greece	Income and capital	1 January 1999
Hungary	Income and capital	1 January 1999
Ireland	Income and capital	1 January 2004
Italy	Income and capital	8 October 1991
Jordan	Income	1 January 2007
Korea	Income and capital	1 January 2007
Latvia	Income	1 January 2002
Lithuania	Income	1 January 2002
Macedonia	Income and capital	1 January 1997
Malaysia	Income	1 January 2005
Malta	Income	1 January 2000
Mauritius	Income	1 January 2004
Moldova	Income and capital	1 January 2007
Montenegro	Income and capital	22 April 2004
Netherlands	Income and capital	1 January 2002
Norway	Income and capital	8 October 1991
Poland	Income and capital	1 January 1997
Romania	Income and capital	1 January 1997

continued on the next page





State	Subject of the Agreement	Applying from
Russia	Income and capital	1 January 1998
San Marino	Income	1 January 2006
Serbia	Income and capital	22 April 2004
South Africa	Income	1 January 1998
Slovakia	Income and capital	1 January 1997
Slovenia	Income and capital	1 January 2006
Spain	Income and capital	1 January 2007
Sweden	Income and capital	8 October 1991
Switzerland	Income and capital	1 January 2000
Turkey	Income	1 January 2001
Ukraine	Income and capital	1 January 2000
United Kingdom	Income and capital	8 October 1991

Source: Ministry of Foreign Affairs and European Integration



## 8. INVESTMENT INCENTIVES

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Investors can benefit from various types of incentives as defined by the Investment Promotion Act:

- Tax and Customs benefits
- Support for opening new workplaces
- Support for the training and re-training of employees
- Support for the development of Technology and innovation centres
- Support for the strategic business support activities
- Special incentives for large investment projects

The above mentioned incentives may be used by foreign and domestic investors investing at least 300,000 EUR.

Incentives defined by the new Investment Promotion Act relate to:

- Business activities in production and processing
- Technology and innovation centres
- Strategic business support activities

The minimum investment period and the related opening of new work places, connected to the investment, should be 5 years. It means that the period in which the incentives are used cannot be shorter than the investment period itself.

The application for the incentives approval should be submitted to the Ministry of Economy, Labour and Entrepreneurship before investing.

## 8.1. Tax Incentives

Investment Value (million EUR)	Min. New Workplaces	Max. Period of Use (years)	Beneficial Profit Tax Rate
0.3 – 1.5	10	10	10%
1.5 - 4	30	10	7%
4 - 8	50	10	3%
> 8	75	10	0%

Regular Profit Tax rate in Croatia is 20%



## 8.2. Employment Incentives

County Unemployment Rate	Max. Amount of Support Regarding Eligible Costs for Opening New WorkPlaces	Increase for the Technology and Innovation Centres	Increase for the Strategic Business Support Activities
< 10%	10% (1,500 EUR)	+50% (750 EUR)	+25% (375 EUR)
10 - 20%	15% (2,000 EUR)	+50% (1,000 EUR)	+25% (500 EUR)
> 20%	20% (3,000 EUR)	+50% (1,500 EUR)	+25% (750 EUR)

## 8.3. Incentives for Eligible Training and Re-training Costs

The investor who is opening new workplaces will be approved a non-refundable financial support for eligible costs regarding the training and re-training of employees.

	Special Training	General Training
Large Entrepreneurs (more than 250 employees)	up to 35% of eligible costs	up to 60% of eligible costs
SMEs (up to 250 employees)	up to 45% of eligible costs	up to 80% of eligible costs

Eligible costs concerning the training and re-training could be the tutoring costs, travel expenses, other operating expenses, write-off costs of equipment and devices according to their use for the purposes of training, costs of counselling in connection with the project of the improvement of knowledge and costs concerning the participants in such project.

## 8.4. Support for the Projects on Technology Innovation and Development Centres

A grant is provided for R&D high technology equipment to be used in the Technology and innovation centre in the amount of up to 5% of the justified high-tech equipment costs. The maximum amount of the grant is EUR 500,000.

## 8.5. Incentives for Large Investment Projects

Large investment projects are those considered to have a great economic impact. Large investment projects are the ones where the amount of the investment in long-term assets is at least 15 million EUR and that are creating at least 100 new jobs associated with investment, starting with the expiry of the first investment year.

County Unemployment Rate	Non-Refundable Financial Support			
	Assets (factory, plant or equipment)		Infrastructure	
< 20%	-	-	Up to 5% eligible costs	Up to 0.5 mil. EUR
> 20%	Up to 5% eligible costs	Max. 1 mil. EUR*	Up to 5% eligible costs	Up to 0.5 mil. EUR

\* Subject to the condition that one part of the investment in machines or production equipment must amount to at least 40% of the total investment, and the minimum of 50% of the purchased machines or production equipment must be high technology.



## 8.6. Scientific Activities and Higher Education Act

Scientific Activities and Higher Education Act regulate the state subsidies and tax incentives in respect of scientific research, basic research, applied research and development research. According to the Act, applicants for scientific project tenders can be scientific organisations, centres of scientific excellence, scientists and groups of scientists.



Type of research	Enterprise	% of eligible costs covered by a state subsidy	Additional corporate income tax base decrease (based on costs)*
Basic research	-	100%	150%
Applied research	-	50%	125%
	medium	60%	
Development research	small	70%	100%
	-	25%	
Technical feasibility of applied research	small / medium	75%	-
	big	65%	-
Technical feasibility of development research	small / medium	50%	-
	big	40%	-

\*Corporate income tax decrease is granted up to the amount of percentage of costs covered by state subsidy

The eligible costs of a research:

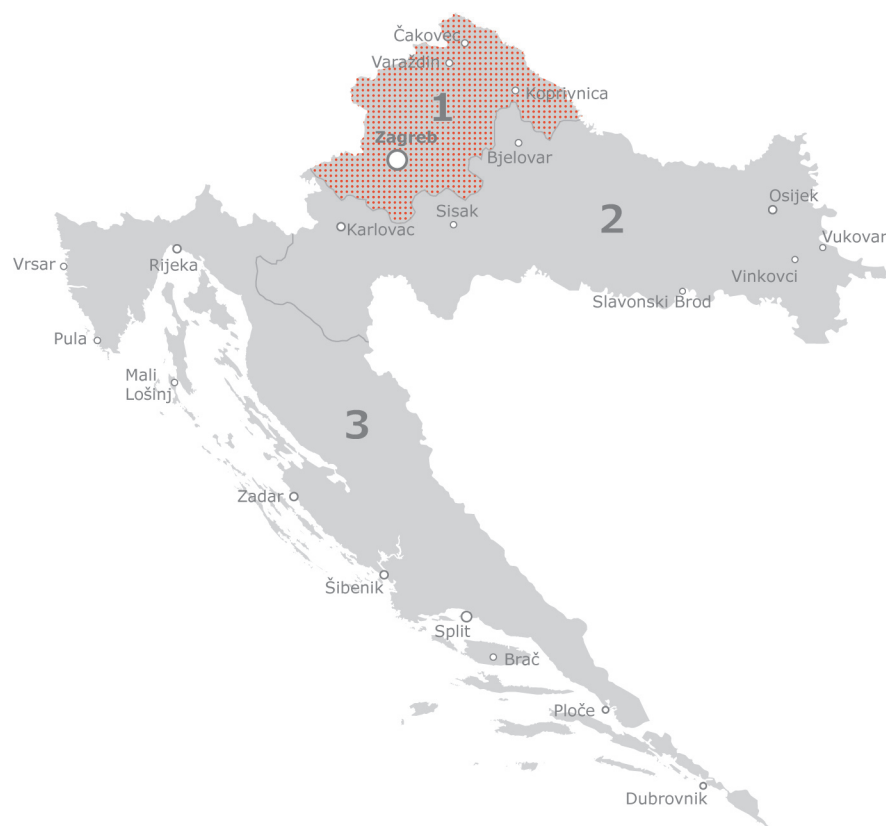
- Employee salaries and fees paid to persons directly involved in the research
- Material costs of a research: raw materials and materials, including packaging and inventory, energy consumed, spare parts used or spent during the research, materials and parts for current and investment maintenance of objects and equipment used directly for the research
- Costs of services used during the research, such as intellectual services related to research and other services required for the research to be completed
- Depreciation costs of property, plant and equipment, in proportion of usage for the research. This applies only to taxpayers who perform researches for their purposes and determine depreciation expenditures prescribed by Article 12 of the Corporate income tax Act
- Depreciation costs of patents and licenses, if they are used for the research, and depreciation cost is determined as prescribed by Article 12 of the Corporate income tax Act
- Common costs, being only those necessary for research and those which can be reasonably and consistently allocated to research, such as process, responsibility and equipment insurance premium, and rentals and membership fees for scientific organisations related to the research activity
- Incentives Concerning the Areas of Special National Concern

## 8.7. Regional Aid Map

-  Regional Incentive up to 40%
-  Regional Incentive up to 50%

NUTS II areas:

- 1 - HR01
- 2 - HR02
- 3 - HR03



Source: Ministry of Regional Development, Forestry and Water Management

# 8

In the process of adjustment to the EU regional policy regulations Croatia has adopted the Decree on the Regional aid map (National Gazette, No. 52/2008). According to the Decree the maximum aid intensity established for three Croatian statistical regions (Northwest Croatia, Continental Croatia and Adriatic Croatia) is calculated on the basis of, so called, gross aid equivalent, i.e. aid percentage in relation to eligible costs. Thereby, gross aid equivalent for Northwest Croatia equals 40%, and for the other 2 regions 50%. Maximum aid intensity is also calculated according to the size of the company receiving mentioned support. Large companies can only apply for the above stated gross aid equivalent, while this equivalent is higher for SME's. Thus, in the case of a small company gross aid equivalent is 20% higher and for medium-sized companies 10% accordingly.



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## 8.8. Incentives Concerning the Hill and Mountain Areas

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According to the Hill and Mountain Areas Act, taxpayers executing activities in agriculture or fisheries in those areas who permanently employ more than 5 employees, with more than 50% of the employees having domicile and habitual residence in the hill and mountain area or an area of special national concern in a business year, pay profit tax in the amount of 75% of the prescribed tax rate until Croatia joins the European Union.

Taxpayers executing activities, other than in agriculture or fisheries, under the same conditions as stated above shall pay the profit tax in the amount of 75% of the prescribed tax rate in the period from the year 2008 till 2010.

Starting from the year 2011, taxpayers executing activities, other than agriculture or fisheries shall pay 100 % of the prescribed tax rate.

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## 8.9. Incentives Concerning the City of Vukovar

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Law on Reconstruction and Development of the City of Vukovar defines the incentives to be used for business subjects doing their business activities in the City of Vukovar.

Taxpayers executing activities in agriculture or fisheries in the area of the City of Vukovar and who employ more than 5 employees, with more than 50% of the employees having domicile and habitual residence in the City of Vukovar, or in the hill and mountain area, or an area of special national concern, are exempted in full from the profit tax payment until Croatia joins the European Union.

Taxpayers executing activities, other than in agriculture or fisheries, under the same conditions as stated above shall pay the profit tax as follows:

Full exemption from profit tax payment from the year 2008 till 2010

25% of profit tax rate in the period from 2011 till 2013

75% of profit tax rate in the period from 2014 till 2016

From 2017 onwards 100 % of the prescribed profit tax rate








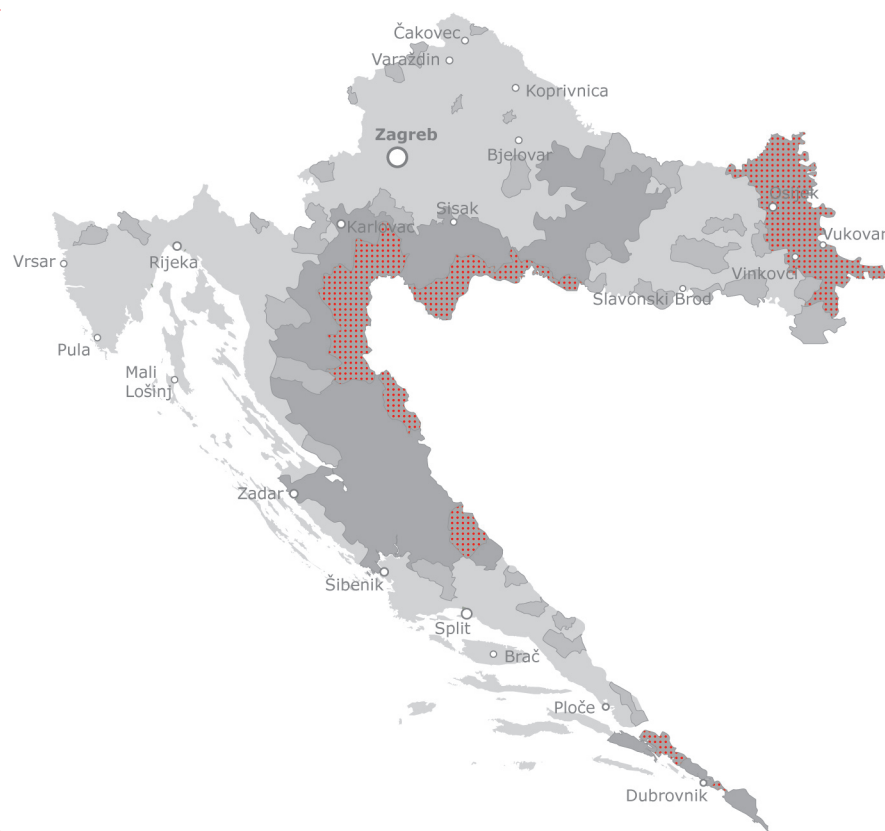
## 8.10. Areas of Special National Concern

Taxpayers who execute their activities in the areas of special national concern and permanently employ more than 5 employees, with more than 50% of the employees having domicile and habitual residence in an area of special national concern for at least 9 months, pay profit tax at the following rates:

Areas of Special National Concern	Time Period	Profit Tax Rate
GROUP 1	2005 - 2014	No profit tax is paid
GROUP 2	2005 - 2014	25% of the prescribed rate
GROUP 3	2005 - 2014	75% of the prescribed rate

### Areas of Special National Concern in Croatia

-  Group 1
-  Group 2
-  Group 3



Source: Ministry of Regional Development, Forestry and Water Management

A listing of municipalities according to groups on page 72 >



### The following municipalities fall into the first special national concern group:

Antunovac, Beli Manastir, Bilje, Bogdanovci, Borovo, Cetingrad, Civljane, Čeminac, Darda, Donji Kukuzari, Donji Lapac, Draž, Dubrovačko primorje, Dragalić, Dvor, Erdut, Ernestinovo, Gvozd, Hrvatska Dubica, Hrvatska Kostajnica, Ilok, Jagodnjak, Jasenovac, Kijevo, Kneževi Vinogradi, Lovas, Majur, Markušica, Negotslavci, Nijemci, Nuštar, Petlovac, Plitvička Jezera, Popovac, Rakovica, Slunj, Stara Gradiška, Stari Jankovci, Šodolovci, Tompojevci, Topusko, Tordinci, Tovarnik, Trpinja, Vojnić, Vrlika, Vukovar, Župa dubrovačka.

#### Settlements within the following cities also fall into the first national concern group:

- OSIJEK: Klisa, Nemetin, Sarvaš, Tenja
- VINKOVCI: Mirkovci

### The following municipalities fall into the second special national concern group:

Barilović, Benkovac, Biskupija, Brestovac, Čačinci, Drniš, Đulovac, Ervenik, Glina, Gornji Bogičevci, Gospić, Gračac, Grubišno Polje, Hrvace, Jasenice, Josipdol, Kistanje, Knin, Konavle, Krnjak, Lasinja, Lipik, Lišane Ostrovičke, Lovinac, Mikleuš, Novigrad, Novska, Obrovac, Okučani, Otočac, Pakrac, Petrinja, Plaški, Polača, Poličnik, Posedarje, Promina, Ružić, Saborsko, Sirač, Skradin, Stankovci, Ston, Sunja, Škabrnja, Tounj, Udbina, Velika, Velika Pisanica, Veliki Grđevac, Voćin, Vrhovine i Zemunik Donji.

#### Settlements within the following cities also fall into the second national concern group:

- DARUVAR: Markovac, Vrbovac
- DUBROVNIK: Bosanka, Brsečine, Dubravica, Donje Obuljeno, Čajkovića, Čajkovići, Gornje Obuljeno, Gromača, Kliševo, Knežica, Komolac, Ljubač, Mokošica, Mravinjac, Mrčevo, Nova Mokošica, Orašac, Osojnik, Petrovo Selo, Prijevoj, Pobrežje, Rožat, Šumet, Trsteno, Zaton
- KARLOVAC: Banska Selnica, Banski Moravci, Blatnica Pokupska, Brezova Glava, Brežani, Brođani, Cerovac Vukmanički, Donja Trebinja, Donji Sjeniĉak, Gornja Trebinja, Gornji Sjeniĉak, Ivanković Sela, Ivošević Selo, Kablar, Kamensko, Karlovac – dijelovi Gornje Mekušje, Sajevac i Turanj, Klipino Brdo, Kljaić Brdo, Knez Gorica, Lipje, Manjerovići, Okić, Popović Brdo, Ribari, Skakavac, Slunjska Selnica, Slunjski Moravci, Tušilović, Udbinja, Utinja, Vukmanić
- SISAK: Blinjski Kut, Klobuĉak, Letovanci, Madžari, Staro Selo
- SLATINA: Golenić, Ivanbrijeg, Lukavac
- VIROVITICA: Jasenaš
- VODICE: Čista Mala, Čista Velika, Grabovci
- ZADAR: Babindub, Crno

### The following municipalities fall into the third special national concern group:

Babina Greda, Bebrina, Bednja, Berek, Bosiljevo, Brinje, Brod Moravice, Cernik, Cestica, Cista Provo, Crnac, Čađavica, Čaglin, Dekanovec, Donja Voća, Drenovci, Galovac, Generalski Stol, Gornja Rijeka, Gradina, Grožnjan, Gundinci, Gunja, Ivanska, Klakar, Kraljevec na Sutli, Kula Norinska, Lanišće, Lećevica, Levanjska Varoš, Lokvičići, Netretić, Oprisavci, Oprtalj, Oriovac, Otok (Splitsko-dalmatinska county), Otok (Vukovarsko-srijemska county), Pakoštane, Perušić, Pisarovina, Podgorač, Podravska Moslavina, Podturen, Pojezerje, Pokupsko, Prgomet, Proložac, Punitovci, Ribnik, Runovići, Satnica Đakovačka, Semeljci, Sikirevci, Slavonski Šamac, Sopje, Starigrad, Suhopolje, Trnava, Unešić, Velika Kapanica, Vođinci, Vladislavci, Vrbanja, Vrbje, Zagorska Sela, Zagvozd, Zažablje Zrinski Topolovac, Žumberak



## 9. CROATIAN TRADE AND INVESTMENT PROMOTION AGENCY

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## 9.1. About Us

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Trade and Investment Promotion Agency (APIU) is a Croatian Governmental agency whose aim is to provide foreign and domestic investors with the needed assistance at every step of the investment process. Our services also include providing assistance to Croatian exporters. Apart from these activities APIU is also involved in the development and implementation of the public-private partnership model in the Republic of Croatia.

Established in 2002 by the Government of the Republic of Croatia, APIU places a strong emphasis on being a responsible member of the society and will continuously work on the improvement of the business environment while seeking the highest quality and practice policies. We encourage the investors to take advantage of our services which are free of charge.

The Agency is directed by the the Steering Committee whose President is the Deputy Prime Minister of the Croatian Government. The members are 6 ministers and 2 representatives of the business community.

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## 9.2. Our Services

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- Over 40 professionals are at your disposal 24/7
- Providing the investor with all the details on economic and legal investment environment
- Organizing site visits to the best investment locations
- Assisting in getting all administrative licenses needed
- Ensuring the access to state and local incentives
- Connecting the investor with relevant government and local bodies
- Matchmaking with Joint Venture partners and linking with local suppliers

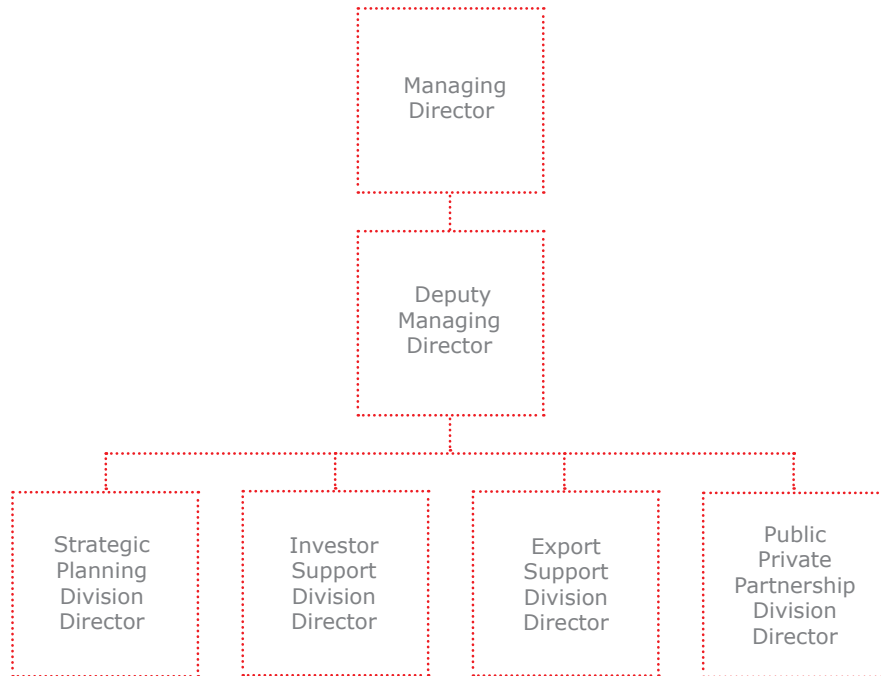
**The best investor oriented approach – tailor made solutions for your business**

**Let us help you grow your business in Croatia!**

9



Trade and Investment Promotion Agency (APIU) Organizational Structure



You may contact us directly or through the Croatian Embassy in your country

Address: Andrije Hebranga 34/ 10000 Zagreb / Croatia  
Telephone: +385 (0)1 4866 000, +385 (0)1 4866 001  
FAX: +385 (0)1 4866 009  
e-mail: [info@croinvest.org](mailto:info@croinvest.org)  
[www.croinvest.org](http://www.croinvest.org)

The Croatian Trade and Investment Promotion Agency functions in accordance with the HRN EN **ISO 9001:2002 standard**

AGENCIJA ZA PROMICANJE  
IZVOZA I ULAGANJA



TRADE AND INVESTMENT  
PROMOTION AGENCY



## 10. RELEVANT INSTITUTIONS

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## 10.1. Government Ministries

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### **MINISTRY OF AGRICULTURE, FISHERIES AND RURAL DEVELOPMENT**

Vukovarska 78, 10000 Zagreb

Phone: +385 (0)1 61 06 111

Fax: +385 (0)1 6109 201

[www.mps.hr](http://www.mps.hr)

### **MINISTRY OF ECONOMY, LABOUR AND ENTREPRENEURSHIP**

Vukovarska 78, 10000 Zagreb

Phone: +385 (0)1 61 06 111

Fax: +385 (0)1 61 09 110

[www.mingorp.hr](http://www.mingorp.hr)

### **MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION – A NETWORK OF DIPLOMATIC AND CONSULAR REPRESENTATIONS, DIPLOMATIC MISSIONS AND CONSULAR OFFICES OF THE REPUBLIC OF CROATIA IN THE WORLD**

[www.mvpei.hr](http://www.mvpei.hr)

### **MINISTRY OF ENVIRONMENTAL PROTECTION, PHYSICAL PLANNING AND CONSTRUCTION**

Republike Austrije 20, 10000 Zagreb

Phone: +385 (0)1 37 82 444

Fax: +385 (0)1 37 72 822

[www.mzopu.hr](http://www.mzopu.hr)

### **MINISTRY OF FINANCE – TAX AND CUSTOMS ADMINISTRATION**

Katančičeva 5, 10000 Zagreb

Phone: +385 (0)1 45 91 333

Fax: +385 (0)1 49 22 583

[www.mfin.hr](http://www.mfin.hr)

### **MINISTRY OF INTERIOR**

Savska 39, 10000 Zagreb

Phone: +385 (0)1 61 22 111

Fax: +385 (0)1 61 22 452

[www.mup.hr](http://www.mup.hr)

### **MINISTRY OF REGIONAL DEVELOPMENT, FORESTRY AND WATER MANAGEMENT**

Bobaničeva 121, 10000 Zagreb

Phone: +385 (0)1 64 00 600

[www.mrrsvg.hr](http://www.mrrsvg.hr)

### **MINISTRY OF SEA, TRANSPORT AND INFRASTRUCTURE**

Prisavlje 14, 10000 Zagreb

Phone: +385 (0)1 61 69 111

[www.mmpi.hr](http://www.mmpi.hr)

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#### **MINISTRY OF SCIENCE, EDUCATION AND SPORTS**

Donje Svetice 38, 10000 Zagreb

Phone: +385 (0)1 45 69 000

Fax: +385 (0)1 46 17 962

[www.mzos.hr](http://www.mzos.hr)

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## **10.2. Business Support Institutions**

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#### **HITRO.HR service**

Phone: +385 0800 0080

[www.hitro.hr](http://www.hitro.hr)

#### **CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Trg J. J. Strossmayera 9, 10000 Zagreb

Phone: +385 (0)1 45 91 666

Fax: +385 (0)1 45 91 791

[www.hbor.hr](http://www.hbor.hr)

#### **CROATIAN AGENCY FOR SMALL BUSINESS**

Prilaz Gjura Deželića 7, 10000 Zagreb

Phone: +385 (0)1 48 81 000

Fax: +385 (0)1 48 41 009

[www.hamag.hr](http://www.hamag.hr)

#### **CROATIAN EMPLOYMENT SERVICE**

Radnička cesta 1, 10000 Zagreb

Phone: +385 (0)1 61 26 000

Fax: +385 (0)1 61 26 039

[www.hzz.hr](http://www.hzz.hr)

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## **10.3. Other Relevant Public Institutions**

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#### **CROATIAN NATIONAL BANK**

Trg hrvatskih velikana 3, 10002 Zagreb

Phone: +385 (0)1 45 64 555

Fax: +385 (0)1 46 10 551

[www.hnb.hr](http://www.hnb.hr)

#### **CROATIAN BUREAU OF STATISTICS**

Ilica 3, 10000 Zagreb

Phone: +385 (0)1 48 06 111

[www.dzs.hr](http://www.dzs.hr)

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## 10.4. Chambers of Commerce and Associations

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### **CROATIAN CHAMBER OF COMMERCE**

Rooseveltovo Trg 2, 10000 Zagreb

Phone: +385 (0)1 45 61 555

Fax: +385 (0)1 48 28 380

[www.hgk.hr](http://www.hgk.hr)

### **CROATIAN EMPLOYERS' ASSOCIATION**

Pavla Hatza 12, 10 000 Zagreb

Phone: +385 (0)1 48 97 555

Fax: +385 (0)1 48 97 556

[www.hup.hr](http://www.hup.hr)

### **CROATIAN CHAMBER OF TRADES AND CRAFTS**

Ilica 49/II, p.p.166, 10 000 Zagreb

Phone: +385 (0)1 48 06 666

Fax: +385 (0)1 48 46 610

[www.hok.hr](http://www.hok.hr)

### **AUSTRIAN FOREIGN TRADE OFFICE**

Ilica 12/III, p.p. 25, 10 000 Zagreb

Phone: +385 (0)1 48 81 900

Fax: +385 (0)1 48 81 912

[www.advantageaustria.org/hr](http://www.advantageaustria.org/hr)

### **CZECH TRADE OFFICE**

Zrinjevac 10/I, 10 000 Zagreb

Phone: +385 (0)1 49 20 946

Fax: +385 (0)1 49 20 946

[www.czechtradeoffices.com/hr](http://www.czechtradeoffices.com/hr)

### **ITALIAN INSTITUTE FOR FOREIGN TRADE**

Massarykova 24, 10 000 Zagreb

Phone: +385 (0)1 48 30 711

Fax: +385 (0)1 48 30 740

[www.ice.gov.it](http://www.ice.gov.it)

### **KOREA TRADE CENTER**

Gundulićeva 22a, 10 000 Zagreb

Phone: +385 (0)1 48 15 101

Fax: +385 (0)1 48 18 821

[www.kotra.org.kr](http://www.kotra.org.kr)

### **GERMAN-CROATIAN CHAMBER OF INDUSTRY AND COMMERCE**

Zamenhoffova 2, 10 000 Zagreb

Phone: +385 (0)1 63 11 600

Fax: +385 (0)1 63 11 630

[www.ahk.hr](http://www.ahk.hr)

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#### **AMERICAN CHAMBER OF COMMERCE**

Radnička 47, 10 000 Zagreb  
Phone: +385 (0)1 48 36 777  
Fax: +385 (0)1 48 36 776  
[www.amcham.hr](http://www.amcham.hr)

#### **NORDIC CHAMBER OF COMMERCE**

Zagrebtower, Radnička 80, 10 000 Zagreb  
Phone: +385 (0)1 53 93 751  
Fax: +385 (0)1 53 93 754  
[www.nordicchamber.hr](http://www.nordicchamber.hr)

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## 10.5. Regional and Local Development Agencies

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#### **BJELOVAR-BILOGORA COUNTY REGIONAL DEVELOPMENT AGENCY**

Dr. Ante Starčevića 8, 43000 Bjelovar  
Phone: +385 (0)43 225 999  
Fax: +385 (0)43 225 998  
[www.rerabbz.hr](http://www.rerabbz.hr)

#### **ČAKOVEC MUNICIPALITY DEVELOPMENT AGENCY – ČakRa**

Ruđera Boškovića 10, 40000 Čakovec  
Phone/Fax: +385 (0)40 311 230  
[www.cakra.hr](http://www.cakra.hr)

#### **DEVELOPMENT AGENCY NORTH - DAN**

Zagrebačka 94, 42000 Varaždin  
Phone: +385 (0)42 213 700  
Fax: +385 (0)42 200 720  
[www.dan.hr](http://www.dan.hr)

#### **DUBROVNIK - NERETVA COUNTY REGIONAL DEVELOPMENT AGENCY - DUNEA**

Branitelja Dubrovnika 41, Branitelja Dubrovnika 41 p.p. 358, 20000 Dubrovnik  
Phone: +385 (0)20 312 714  
Fax: +385 (0)20 312 715  
[www.dunea.hr](http://www.dunea.hr)

#### **ISTRIAN DEVELOPMENT AGENCY - IDA**

Mletačka 12/IV, 52100 Pula  
Phone: +385 (0)52 381 900  
Fax: +385 (0)52 381 905  
[www.ida.hr](http://www.ida.hr)



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**MEĐIMURJE REGIONAL DEVELOPMENT AGENCY - REDEA**

Ruđera Boškovića 2, 40000 Čakovec

Phone: +385 (0)40 374 090

Fax: +385 (0)40 374 340

[www.redea.hr](http://www.redea.hr)

**OSIJEK - BARANJA COUNTY DEVELOPMENT AGENCY**

Stjepana Radića 4, 31000 Osijek

Phone: +385 (0)31 221 501

Fax: +385 (0)31 221 509

[www.obz.hr](http://www.obz.hr)

**PODRAVINA AND PRIGORJE DEVELOPMENT AGENCY - PORA**

Braće Radića 2, pp 125, 48000 Koprivnica

Phone: +385 (0)48 621 978

Fax: +385 (0)48 621 957

[www.pora.com.hr](http://www.pora.com.hr)

**POŽEGA-SLAVONIA COUNTY DEVELOPMENT AGENCY - VALLIS AUREA**

Županijska 7, 34 000 Požega

Phone: +385 (0)34 290 241

Fax: +385 (0) 34 290 215

[www.razvitakpsz.info](http://www.razvitakpsz.info)

**PRIMORJE-GORSKI KOTAR COUNTY REGIONAL DEVELOPMENT AGENCY - PORIN**

Lužine bb, 51000 Rijeka

Phone: +385 (0)51 675 187

Fax: +385 (0)51 675 158

[www.porin.hr](http://www.porin.hr)

**SISAK-MOSLAVINA COUNTY DEVELOPMENT AGENCY - SIMORA**

Stjepana i Antuna Radića 8/a, 44000 Sisak

Phone: +385 (0)44 544 204

Fax: +385 (0)44 544 206

[www.simora.hr](http://www.simora.hr)

**SLAVONIA AND BARANJA REGIONAL DEVELOPMENT AGENCY**

S. Radića 4, 31000 Osijek

Phone: +385 (0)31 221 840

Fax: +385 (0)31 221 841

[www.slavonija.hr](http://www.slavonija.hr)

**SLAVONSKI BROD LOCAL DEVELOPMENT AGENCY - CTR**

Nas. Slavonija i neboder 2, p. o. box 216, 35000 Slavonski brod

Phone: +385 (0)35 441 604

Fax: +385 (0)35 400 130

[www.ctr.hr](http://www.ctr.hr)

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#### **SPLIT - DALMATIA COUNTY DEVELOPMENT AGENCY**

Domovinskog rata 2, 21000 Split  
Phone: +385 (0)21 330 074  
Fax: +385 (0)21 330 085

#### **ŠIBENIK – KNIN COUNTY REGIONAL DEVELOPMENT AGENCY**

Prilaz Tvornici 39, 22000 Šibenik  
Phone: +385 (0)22 217 113  
Fax: +385 (0)22 217 114  
[www.rra-sibenik.hr](http://www.rra-sibenik.hr)

#### **VARAŽDIN COUNTY DEVELOPMENT AGENCY - AZRA**

Franjevački trg 7, 42000 Varaždin  
Phone: +385 (0)42 422 200  
Fax: +385 (0)42 390 571  
[www.azra.hr](http://www.azra.hr)

#### **VIROVITICA – PODRAVINA COUNTY DEVELOPMENT AGENCY**

Trg Ljudevita Patačića 1, 33 000 Virovitica  
Phone: +385 (0)33 800 207  
Fax: +385 (0) 33 743 141  
[www.ravpz.com](http://www.ravpz.com)

#### **VUKOVAR - SRIJEM COUNTY DEVELOPMENT AGENCY - HRAST**

Županijska 9, 32000 Vukovar  
Trg Vinkovačkih jeseni 1, 32100 Vinkovci  
Phone: +385 (0)32 339 993  
Fax: +385 (0)32 339 997  
[www.leda-es.hr](http://www.leda-es.hr)

#### **ZADAR COUNTY DEVELOPMENT AGENCY**

Grgura Budislavića 99, 23000 Zadar  
Phone: + 385 (0)23 312 245  
Fax: + 385 (0)23 312 246  
[www.zadra.hr](http://www.zadra.hr)

#### **ZAGORJE DEVELOPMENT AGENCY - ZARA**

Magistratska 1, 49000 Krapina  
Phone: +385 (0)49 373 161  
Fax: +385 (0)49 373 171  
[www.zara.hr](http://www.zara.hr)

#### **ZAGREB COUNTY REGIONAL DEVELOPMENT AGENCY - ZACORDA**

Remetinečka cesta 75b, 10000 Zagreb  
Phone: +385 (0)1 65 56 051  
Fax: +385 (0)1 65 56 053  
[www.zacorda.hr](http://www.zacorda.hr)

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