

CROATIA



Unique location for your business.

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GENERAL INFORMATION

OFFICIAL NAME	The Republic of Croatia
AREA	56,594 km ²
POPULATION	4.2 million
OFFICIAL LANGUAGE	Croatian
CAPITAL	Zagreb
TERRITORIAL ORGANIZATION	20 counties and the City of Zagreb
CURRENCY	kuna (HRK)
EXCHANGE RATE HRK/EUR 2018	7.41
GDP 2018	EUR 51.49 bn
GDP PER CAPITA 2018	EUR 12,640
EXPORT 2018	EUR 14.52 bn
IMPORT 2018	EUR 23.66 bn
LOCAL TIME	GMT+1

CROATIA UNIQUE LOCATION FOR YOUR BUSINESS

Croatia, as the only country in the world which is central European, Danubian, Pannonian and Mediterranean at the same time, with its unique geographical location links Europe to the world. Modern transport and energy infrastructure, untarnished soil, unpolluted sea and rich sources of fresh water provide the foundations for Croatia to build its future on and become recognised in the European and world markets.



WHY INVEST IN CROATIA?

Unique geographical location, modern infrastructure, political and economic stability, competent and highly educated workforce are only some of the reasons to invest in Croatia.

Croatia offers the following to investors:

- easier access to European and world markets
- modern transport infrastructure
- reliable investment and business environment
- stimulating investment climate
- highly educated, multi-lingual and competent workforce
- high quality of life



MODERN TRANSPORTATION INFRASTRUCTURE

Situated at the heart of Europe, only two or three hours air distance to any European destination, Croatia, with its highly developed road and rail network, and the network of sea, river and airports, as well as inland waterways and intermodal terminals, represents the central link between Europe and the world. The network of modern motorways, placing Croatia together with leading European countries, provides a possibility of fast and uninterrupted travel. International transport corridors pass through Croatia, the country is 100% digitized, with its entire territory covered by broadband Internet. Its highly developed gas distribution network places it at the very top of European countries. All of this makes Croatia an ideal transport, communication and energy intermediary, not only between countries in the region, but between the Mediterranean and the rest of the world.

Land connection to all European transport routes

- 26,959 km of roads
- 2,604 km of rail network

2-3 hours air distance to any European destination

- 7 international airports (Zagreb, Split, Dubrovnik, Zadar, Rijeka, Pula, Osijek) and 2 airfields (Mali Lošinj, Brač)

The inmost sea into the heart of European continent

- 6 seaports (Rijeka, Ploče, Šibenik, Zadar, Split, Dubrovnik)
- 4 river ports (Vukovar – Danube River, Osijek – Drava River, Slavonski Brod – Sava River, Sisak – Sava River)

-
- one of the most developed gas distribution networks in Europe
 - 100% digitized country
 - 100% broadband Internet coverage

CROATIA ESSENTIAL PART OF EUROPEAN AND INTERNATIONAL TRANSPORT ROUTES

The motorway network in Croatia is among the most developed in Europe. Three PAN- EUROPEAN international corridors pass through Croatia, making it an essential part of all major European and international transport routes.

Vb	X
Budapest	Salzburg
Varaždin	Villach
Zagreb	Ljubljana
Rijeka	Zagreb
	Belgrade
	Skopje
	Thessaloniki
Vc	Xa
Budapest	Graz
Osijek	Maribor
Sarajevo	Zagreb
Ploče	
VII	
<i>the</i>	
<i>Danube</i>	
<i>river</i>	



CROATIA YOUR RELIABLE BUSINESS PARTNER

As the political leader in the region, a full member of NATO and the 28th member of the European Union (as of 1 July 2013), Croatia guarantees stability and the safety of business activities. Croatian legislation, harmonized with the basic postulates of the European Union, ensures business activities of the highest standard and opens the possibility of using EU funds. Being an active member of unique market of EU, Croatia provides a platform for doing business with EU countries as well as with the rest of the world, especially by excellent maritime connections and numerous bilateral agreements on the avoidance of double taxation and investment protection agreements.



FOREIGN TRADE

CHART:
Most important export markets in 2018

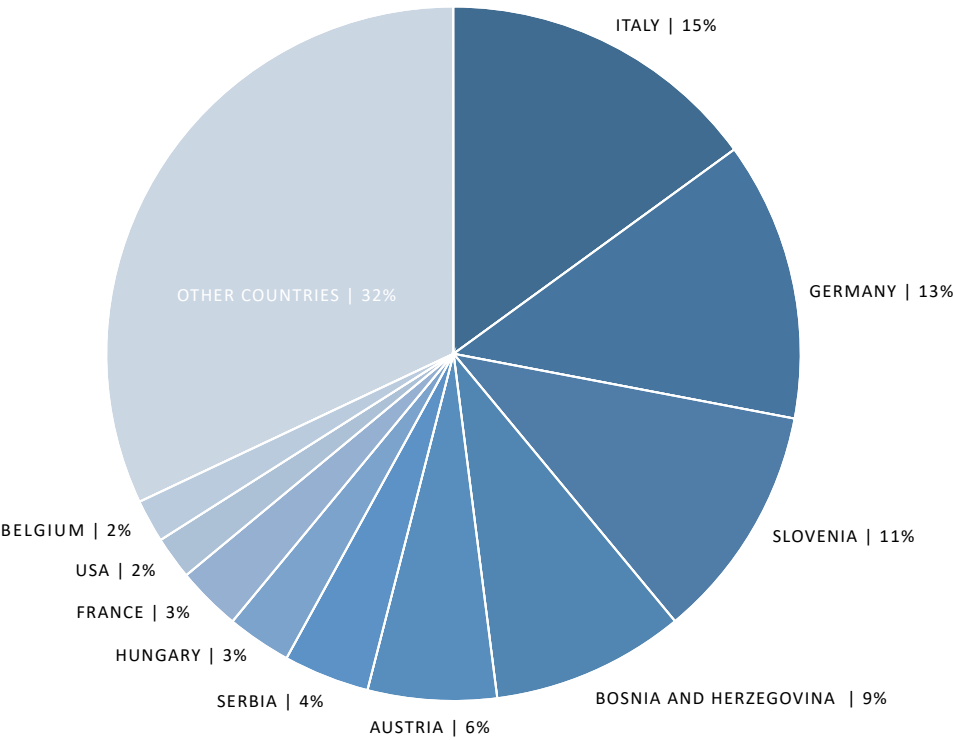
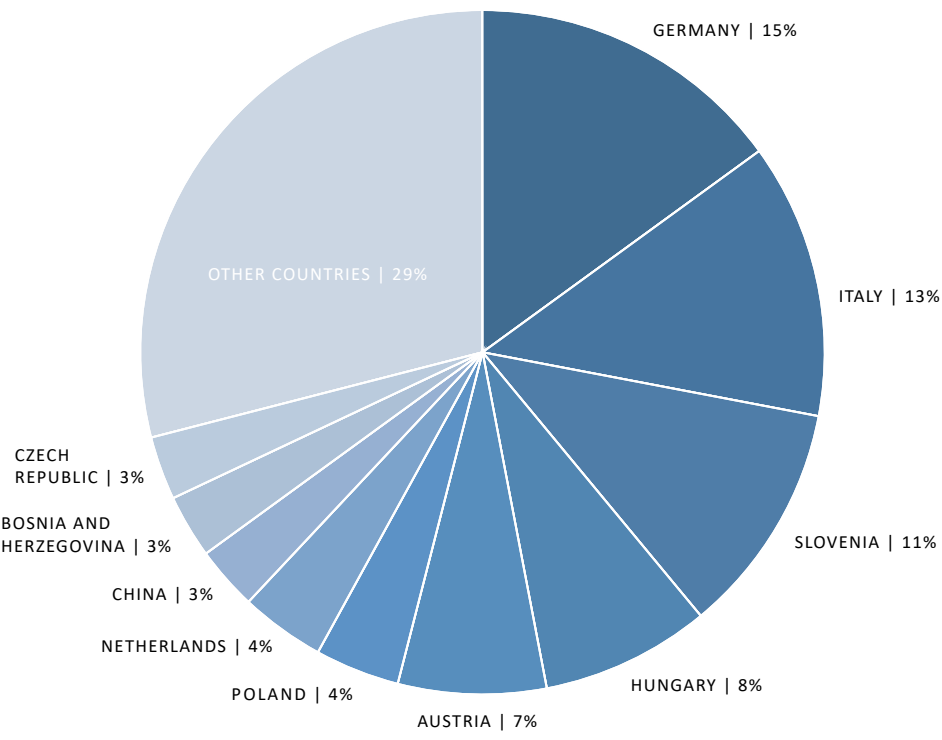


CHART:
Croatia's import partners in 2018



Croatia realizes almost 90% of its total economic relations with European countries.

FOREIGN DIRECT INVESTMENTS

FDI IN CROATIA BETWEEN 1993 AND 2018 AMOUNTS TO 33.7 BILLION EUROS

CHART:
The most important investors in Croatia 1993 - 2018

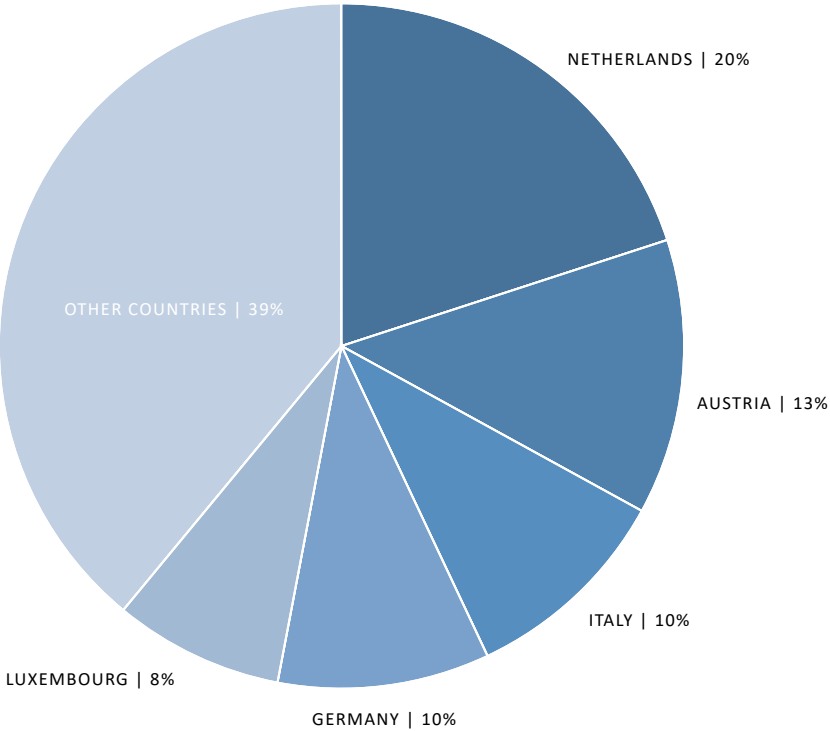
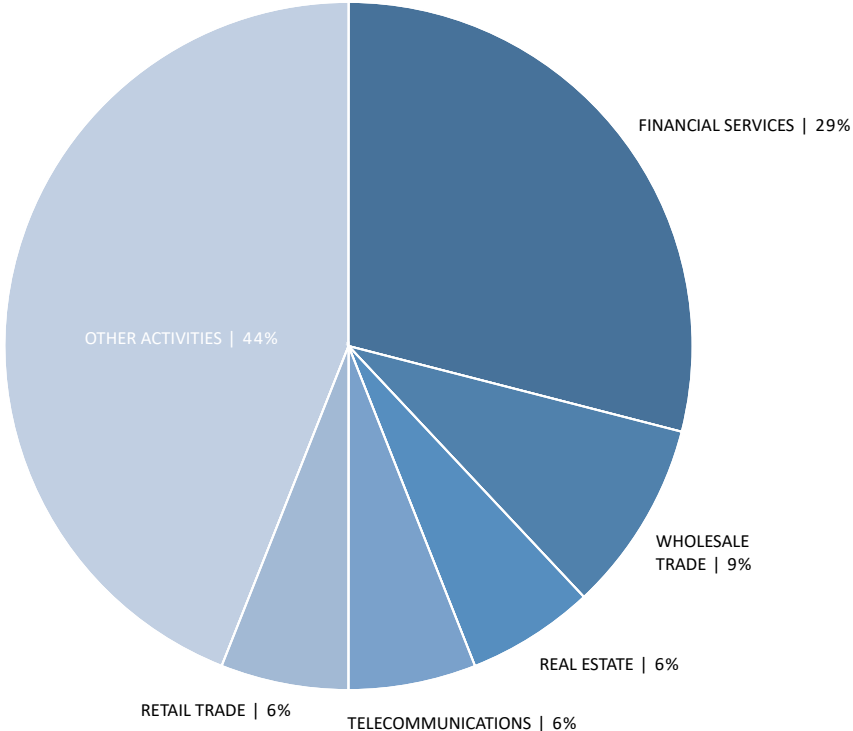


CHART:
The structure of investments by sectors 1993 - 2018



TOURISM

THE DEVELOPMENT AND PROFIT IN ONE OF THE FASTEST GROWING INDUSTRIES IN THE WORLD

One of the leading business sectors with growing international visibility and reputation.

- one of the most important tourist destinations on the Mediterranean
- great potential for further development
- construction of top-class accommodation facilities in progress

A country with:

- 1,244 islands
- 140 nautical ports
- 8 national parks
- 17 intangible cultural heritage and 8 cultural and 2 natural heritage sites, all included in UNESCO's heritage list

Investment opportunities:

- nautical tourism
- health tourism
- congress tourism



INDUSTRY A SECTOR WITH A LOT OF INVESTMENT OPPORTUNITIES

Industry has always been traditionally export-oriented – it makes up for 94.5% of total Croatian exports.

- the strongest branches: food products, oil and petroleum products, chemicals, plastics and pharmaceuticals, electronic, ICT and optical products, metal products, wood products and furniture, manufacture of transport equipment (incl. shipbuilding)
- 20% of GDP
- reliable local suppliers and contractors with skilled workforce, tradition and quality in manufacturing

Possibility of growth and investment in:

- pharmaceutical industry
- ICT
- wood industry
- textile and leather processing industry
- metal industry
- automotive industry
- electrical industry
- chemical industry, plastic and rubber industry
- food processing industry



AGRICULTURE & CROATIAN SOIL AS INEXHAUSTIBLE WELL OF RICHNESS

Landforms and soil are favourable for the production of a wide range of agricultural products, from field and industrial crops to vineyards, continental and Mediterranean fruits and vegetables.

- three geographical and climate zones - the continental, Mediterranean and mountainous zone
- 1.5 million hectares of utilized agricultural area
- wide range of products (fish, cattle, cereals, wine, sugar beet, olives)
- the highest food product quality standards

Great investment potential in:

- organic food production
- aquaculture



UNPOLLUTED NATURAL ENVIRONMENT FOR THE PRODUCTION OF CLEAN ENERGY

Perfect destination for the production of clean energy from renewable energy sources:

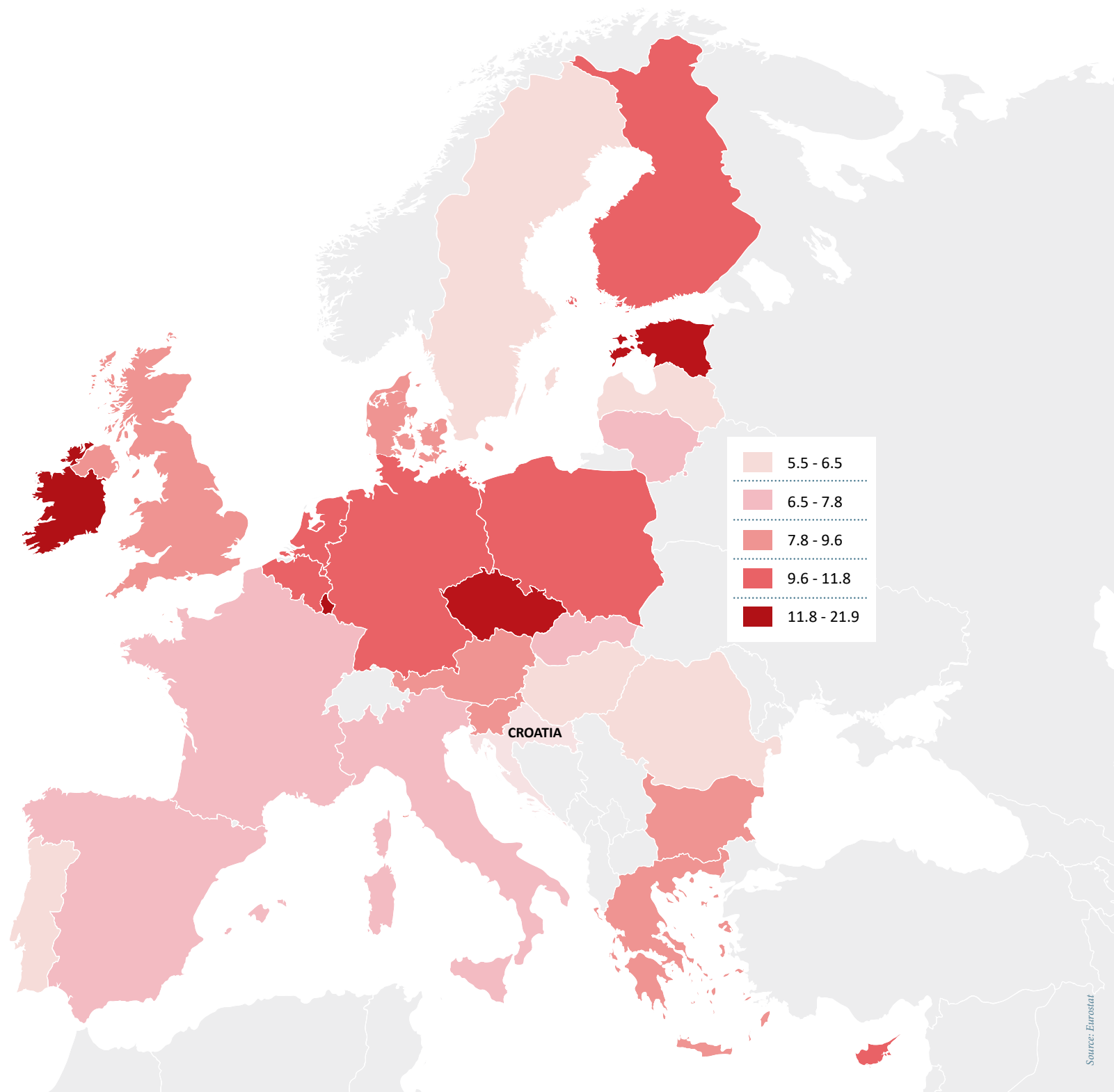
- favourable climate and unpolluted natural environment
- over 2,700 hours of sunshine per year
- windy regions by the Adriatic sea and East Slavonia
- geothermal energy from natural sources on the continent
- access to vast amounts of biomass
- substantial, mostly already engaged, hydro-power potential

Investment possibilities in:

- energy sector (RES)
- environment protection & production of clean energy



THE LOWEST
CO₂ EMISSIONS
PER CAPITA
IN THE EU



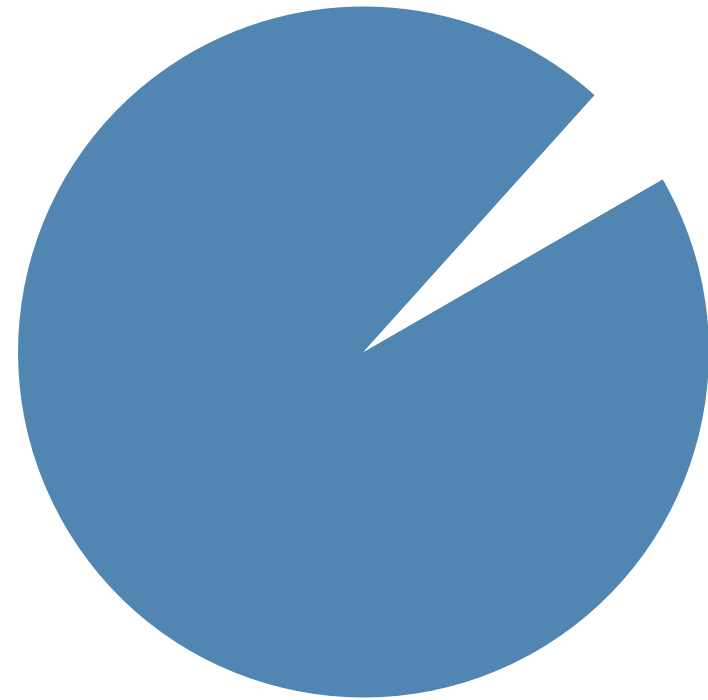
HIGHLY EDUCATED AND COMPETENT WORKFORCE

Croatia is a country of multilingual and highly educated workforce. It also has the highest percentage of persons in the age-group 18 to 24 who have completed at least secondary school education.

EDUCATION:

- 130 higher education institutions (8 public and 2 private universities) with 159,638 enrolled students
- education system harmonized with the EU education system (Bologna)
- 99.7% of secondary school students learn English as a foreign language (Eurostat)
- 96.2% of young people with at least upper-secondary education (20-24 years old)

CHART:
Percentage of young people (20-24 years)
with at least upper-secondary education (96.2%)

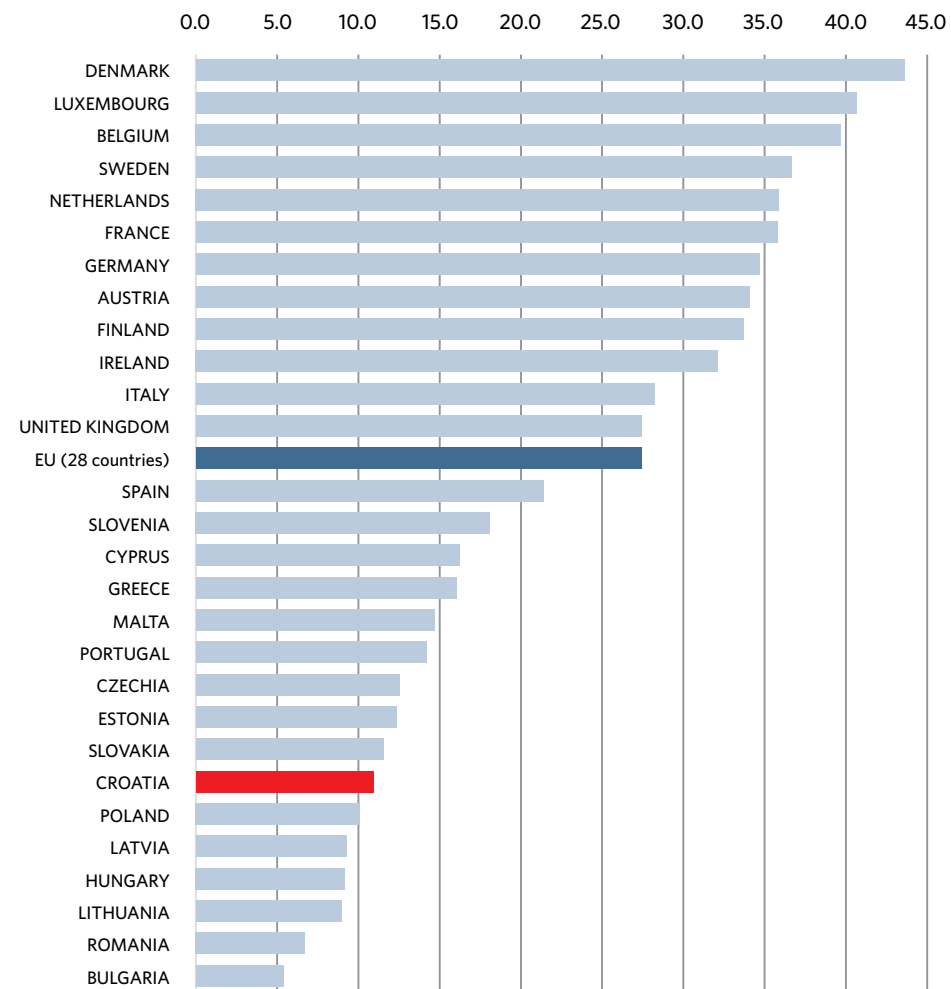


UPPER - SECONDARY EDUCATION | 96.2%

HIGHLY PRODUCTIVE AND LABOUR COST COMPETITIVE WORKFORCE

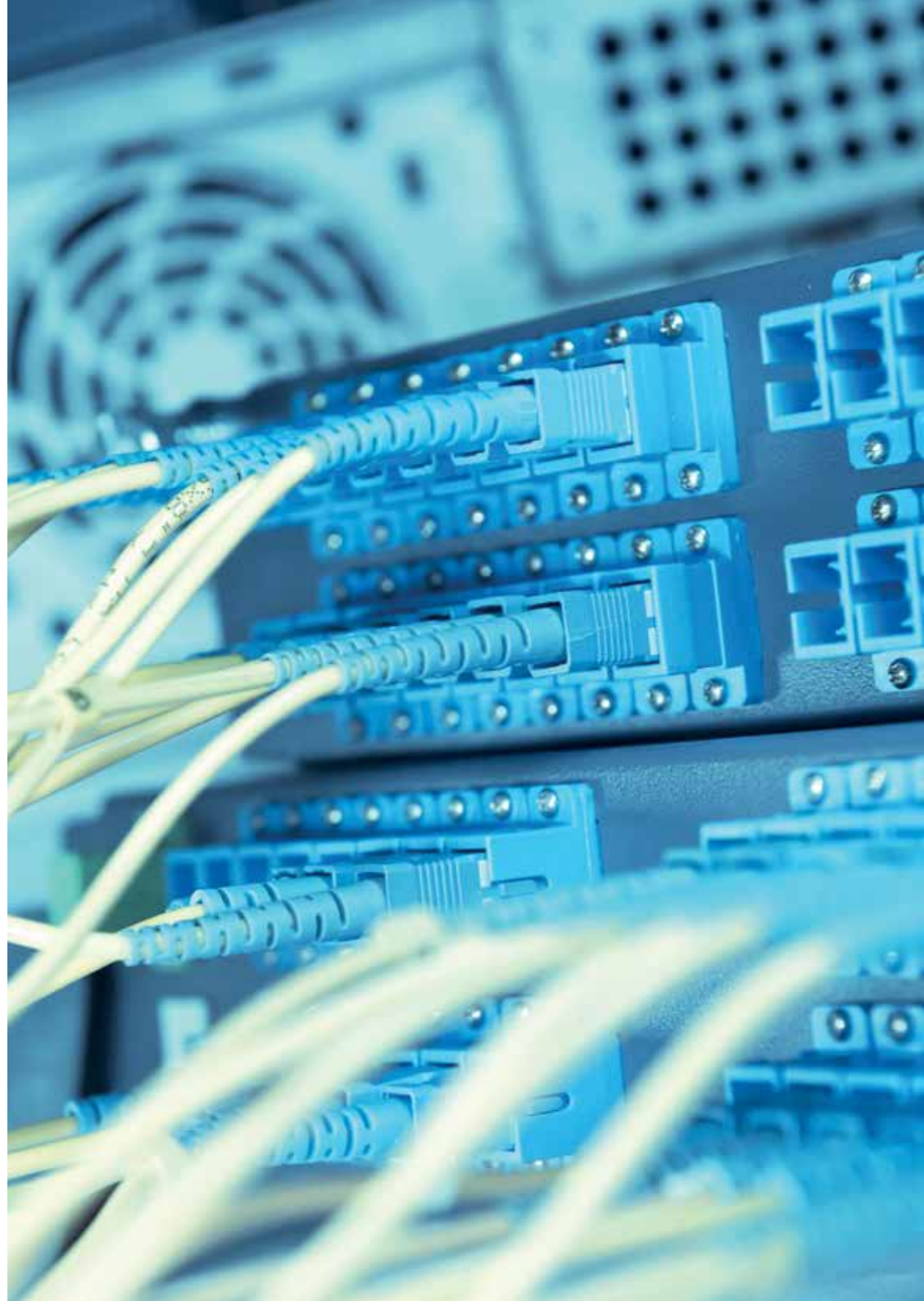
People are a key factor guaranteeing success of every business or investment activity. Alongside high productivity, in terms of labour costs Croatia still very successfully competes with other EU countries.

CHART:
Labour costs EUR/hour 2018



STIMULATING INVESTMENT ENVIRONMENT

The Republic of Croatia guarantees by law the same rights to foreign investors as it does to Croatian ones and ensures free transfer of return on equity from the country upon completion of investment. By constantly improving the investment climate, and in addition to benefits provided by agreements for the avoidance of double taxation signed with over 50 countries, Croatia offers numerous incentives for business activities to investors, such as tax incentives, incentives for employment and education, and additional incentives for investment in areas of special state concern. Furthermore, Croatia offers investors incentives for the founding and growth of technology centres, strategic business support and high value-added services, as well as tourist activities. Minimum investment is 150,000 euros and opening of 5 new workplaces and for micro entrepreneurs 50,000 euros and opening of 3 new workplaces. For development of information-communication systems and software centres minimum required investment is 50,000 Euro with the condition of opening 10 new workplaces. Special and additional incentives are offered for labour-intensive investment projects as well as for investments over 5,000,000 euros and opening more than 50 new workplaces.



CROATIA A COUNTRY OFFERING MORE TO ITS INVESTORS

With the aim of stimulating investments in manufacturing sector activities, technology centres, strategic business support and high added value services as well as tourist activities, investors are offered various incentives. Capital investments have a special status.

The Republic of Croatia strongly supports investments in the sector of industry, especially in the not so developed parts of the country, thus inciting the creation of new job opportunities and preconditions for strengthening export-oriented sectors. Additional incentive measures are provided for investment projects undertaking economic activation of inactive state property of the Republic of Croatia.

Depending on the amount of investment and the number of newly created workplaces, investors are granted the following incentives:

Tax incentives

Partial or full exemption from profit tax in the period of up to 10 years, depending on the amount of investment

Employment incentives

Up to 9,000 euros per employee, depending on unemployment rates in the investment area

Grants

Coverage of up to 70% of employee's training costs, depending on the type of training and the size of the business

18% and 12% regular profit tax rate

→ 9 - 0% profit tax rate for investors

ENTREPRENEURIAL ZONES ENCOURAGING BUSINESS ACTIVITIES ON THE LOCAL LEVEL

In its entire territory, Croatia has over 100 ready entrepreneurial zones owned by municipalities or towns, with utility services, clear ownership and good logistic and traffic connections (access to motorways, railway, ports). In addition to strong support from local communities, the possibility of additional tax reliefs (for example, relief from utility tax, lower payments for municipal services for zone users, lower land prices, depending on its size, etc.) exists for business activities within entrepreneurial zones.



THE QUALITY OF LIFE

Croatia is truly a unique country – nowhere in the world can three different climate zones - continental, mountainous and Mediterranean, be found in only 400 km (the distance between the North and South of the country). From hilly and gentle Zagorje in the North, through vast fertile plains of Slavonia in the East, Lika and Gorski Kotar rich in forests and rivers, to Dalmatinska Zagora, bounded by mountain ranges and typical Dalmatian karst, all the way to its indented coastline stretching from Istria to South Dalmatia with over a thousand islands, Croatia is truly a world's treasure. Good transport connection between the continental and coastal part of the country - morning skiing at Bjelolasica, and the experience of one of the most beautiful sunsets on the Adriatic coast only a few hours later – the abundance of cultural activities and historic heritage, the proximity of other European cultural and business centres, clear water and air, traditional and organic growing of agricultural products and healthy Mediterranean lifestyle provide all the conditions necessary for a pleasant, high-quality life anywhere in Croatia.



DO YOU KNOW?

The Global Competitiveness Report 2018 of the World Economic Forum places Croatian economy in the transition phase from an efficiency driven economy towards the highest stage of development – an innovation driven economy.

Among 140 countries in the world, Croatia is ranked in the top 50 countries according to:

- the quality of overall infrastructure
- the quality of roads
- the quality of land administration
- mean years of schooling
- time to start a business
- trade tariffs
- patent applications
- R&D expenditures

World Bank – Doing Business 2019 Report:

Croatia is ranked at 58th place out of 190 world countries.

Recognized improvements:

- registering property
- protecting minority investors
- enforcing contracts



OPEN DOORS TO ANY INVESTOR IN CROATIA

Croatian Chamber of Economy - Investment Promotion Division:

- online up-to-date catalogue of investment projects - overview of investment projects, linking potential investors with project holders
- facilitating communication with state institutions on national and local level, providing support to investors in dealing with administrative procedures on all levels
- providing suppliers' database and facilitating contact with potential business partners
- organising individual, tailor-made investors' program, providing assistance with organising visits of potential investors to Croatia
- assistance provided on all levels through a wide network of 20 County Chambers in Croatia and Representative Offices abroad
- information about relevant regulations and laws in the field of investment and economy
- continuous promotion of the potential of Croatian economy and its investment opportunities on trade missions, business forums, fairs and exhibitions



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