CROATIA
UNIQUE LOCATION
FOR YOUR BUSINESS
<table>
<thead>
<tr>
<th><strong>OFFICIAL NAME</strong></th>
<th>The Republic of Croatia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AREA</strong></td>
<td>56,594 km²</td>
</tr>
<tr>
<td><strong>POPULATION</strong></td>
<td>4.3 million</td>
</tr>
<tr>
<td><strong>OFFICIAL LANGUAGE</strong></td>
<td>Croatian</td>
</tr>
<tr>
<td><strong>CAPITAL</strong></td>
<td>Zagreb</td>
</tr>
<tr>
<td><strong>TERRITORIAL ORGANIZATION</strong></td>
<td>20 counties and the City of Zagreb</td>
</tr>
<tr>
<td><strong>CURRENCY</strong></td>
<td>kuna (HRK)</td>
</tr>
<tr>
<td><strong>EXCHANGE RATE HRK/EUR 2014</strong></td>
<td>7.63</td>
</tr>
<tr>
<td><strong>GDP 2014</strong></td>
<td>EUR 43.1 bn</td>
</tr>
<tr>
<td><strong>GDP PER CAPITA 2014</strong></td>
<td>EUR 10,129</td>
</tr>
<tr>
<td><strong>EXPORT 2014</strong></td>
<td>EUR 10.35 bn</td>
</tr>
<tr>
<td><strong>IMPORT 2014</strong></td>
<td>EUR 17.1 bn</td>
</tr>
<tr>
<td><strong>LOCAL TIME</strong></td>
<td>GMT+1</td>
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</tbody>
</table>
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.
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, multilingual and competent workforce
- high quality of life

**WHY INVEST IN CROATIA?**
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**
- 26,958 km of roads
- 2,722 km of rail network

**2-3 hours air distance to any European destination**
- 8 international airports (Zagreb, Split, Dubrovnik, Zadar, Rijeka, Pula, Osijek, Varaždin) 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
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.
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.

CROATIA
YOUR RELIABLE BUSINESS PARTNER
Croatia realizes 4/5 of its total economic relations with European countries.

Source: Croatian Bureau of Statistics
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:**
- 1,246 islands
- 72 marinas
- 8 national parks
- 10 intangible cultural heritage and 7 cultural and natural heritage sites, all included in UNESCO’s heritage list

**Investment opportunities:**
- nautical tourism
- health tourism
- congress tourism
Industry has always been traditionally export-oriented – it makes up for 90.6% 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)
- 17.8% 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
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
- 1.3 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:
- healthy food production
- aquaculture
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
- geothermal energy from natural sources on the continent
- access to vast amounts of biomass
- substantial hydro-power potential

Investment possibilities in:

- energy sector (RSE)
- environment protection & production of clean energy
CO₂ EMISSIONS PER INHABITANT IN THE EU AND IN DEVELOPING COUNTRIES

Source: Eurostat
Croatia is a country of multilingual and highly educated workforce. It also has the highest percentage of persons in the age-group 20 to 24 who have completed at least secondary school education.

**EDUCATION:**
- 7 public universities with over 150,000 students a year; in total 180,000 students a year enrolled on higher education institutions (universities, colleges, university programmes)
- education system harmonized with the EU education system (Bologna)
- 99% of secondary school students learn English as a foreign language (Eurostat)
- 95.7% of young people with secondary school education (20-24 years old)

**HIGHLY EDUCATED AND COMPETENT WORKFORCE**

![Chart: Percentage of young people (20-24 years) with at least secondary school education (95.7%)](source)
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.
With the aim of stimulating investments in manufacturing sector activities, technology centres, strategic business support and high value-added 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. 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 80% of employee’s training costs, depending on the type of training and the size of the business

**20% regular profit tax rate**
→ 10 - 0% profit tax rate for investors
With its electrical energy prices, Croatia still very successfully competes with countries in the region and Europe, thus contributing to lower costs of business activities.
FOREIGN DIRECT INVESTMENT
FDI in Croatia between 1993 and 2014 amounts to 29.35 billion euros.

**CHART:**
The most important investors in Croatia 1993 - 2014

- Austria: 22%
- Netherlands: 20%
- Germany: 8%
- Hungary: 7%
- Luxembourg: 6%
- Other countries: 37%

**Source:** Croatian National Bank

**CHART:**
The structure of investments by sectors 1993 - 2014

- Other activities: 41%
- Financial intermediation except insurance and pension funding: 25%
- Post and telecommunications: 6%
- Other business activities: 11%
- Wholesale trade: 9%
- Real estate: 8%
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.
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.

THE QUALITY OF LIFE

Among 144 countries in the world, Croatia is ranked in the top 50 countries according to:
- the number of days needed to start a business
- the quality of roads
- the quality of overall infrastructure
- the quality of math and science education
- the quality of health and primary education
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

OPEN DOORS TO ANY INVESTOR IN CROATIA