

Croatia slide package for a foreign investor



Paulina Wilk
May 2012

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The information in this document is compiled and edited from a variety of sources. The Pan-European Institute assumes no responsibility for the completeness or accuracy of the information.

1. General information

a) Geographical facts

Land area:
56 594 sq km

Border countries:
Bosnia and Herzegovina 932 km,
Slovenia 501 km,
Hungary 329 km,
Serbia 241 km,
Montenegro 25 km.

Distance from Zagreb to some
European capitals:

Berlin	771 km
Paris	1083 km
London	1340 km
Madrid	1703 km
Helsinki	1704 km
Moscow	1866 km

(www.geobytes.com)

Length of the sea coast:

Mainland	1 777,3 km	30,5%
Islands	4 058 km	69,5%



Sources: Central Bureau of Statistics,
Republic of Croatia; CIA World Factbook

1. General information

b) Administrative and territorial constitution

Territorial constitution:

21 counties (including the city of Zagreb),
127 towns/cities, 429 municipalities, 6756 settlements

Administrative divisions:

20 counties and 1 city*

Zagrebačka, Krapinsko-zagorska, Sisačko-moslavačka, Karlovačka, Varaždinska, Koprivničko-križevačka, Bjelovarsko-bilogorska, Primorsko-goranska, Ličko-senjska, Virovitičko-podravska, Požeško-slavonska, Brodsko-posavska, Zadarska, Osječko-baranjska, Šibensko-kninska, Vukovarsko-srijemska, Splitsko-dalmatinska, Istarska, Dubrovačko-neretvanska, Međimurska, Grad Zagreb (City of Zagreb)*

Sources: Croatian Bureau of Statistics,
Republic of Croatia; CIA World Factbook

1. General information

c) Population

Population:
4 480 043 (2012 est)

Population growth rate:
-0,092% (2012 est)

Major cities:	(PopulationLabs, 2011)
Zagreb (capital)	698 966
Split	176 314
Rijeka	141 172
Osijek	88 140

Share of urban population:
58 % (2010)

Sources: CIA World Factbook; IMF World Economic Outlook Database 4/2008; Unicef; U.S. Department of State, Bureau of European and Eurasian Affairs

1. General information

d) Basic facts

Industries:

Chemicals and plastics, machine tools, fabricated metal, electronics, pig iron and rolled steel products, aluminum, paper, wood products, construction materials, textiles, shipbuilding, petroleum and petroleum refining, food and beverages, tourism

Natural resources:

Oil, bauxite, low-grade iron ore, calcium, natural asphalt, mica, clays, salt, hydropower

National currency:

Kuna, HRK

Official exchange rates:

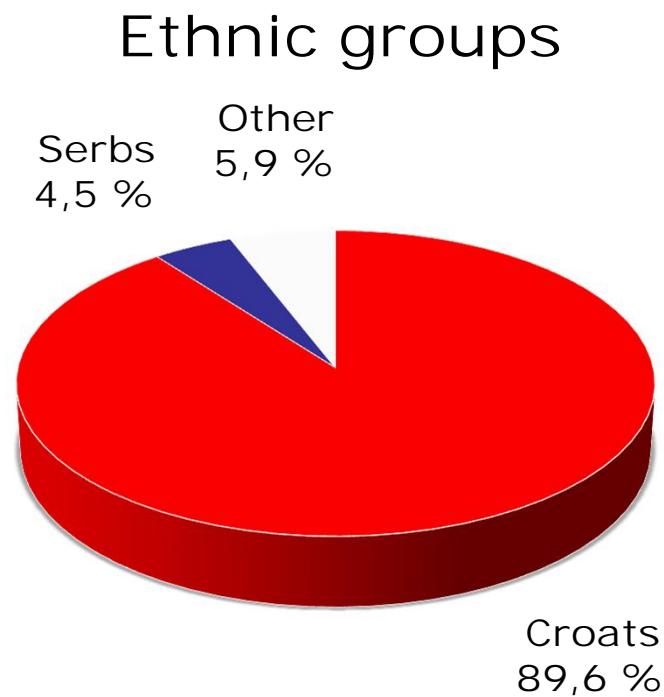
(Midpoint Exchange Rates of the Croatian National Bank for April 2012)

EUR/HRK	7,4944
GBP/HRK	9,1030
USD/HRK	5,6913

Sources: CIA World Factbook; IMF World Economic Outlook Database 4/2008; Unicef; U.S. Department of State, Bureau of European and Eurasian Affairs

1. General information

e) Ethnic groups and religions



Other including Bosniak, Hungarian, Slovene, Czech, and Roma.

Source: CIA, The World Factbook (2001 census)

Languages:

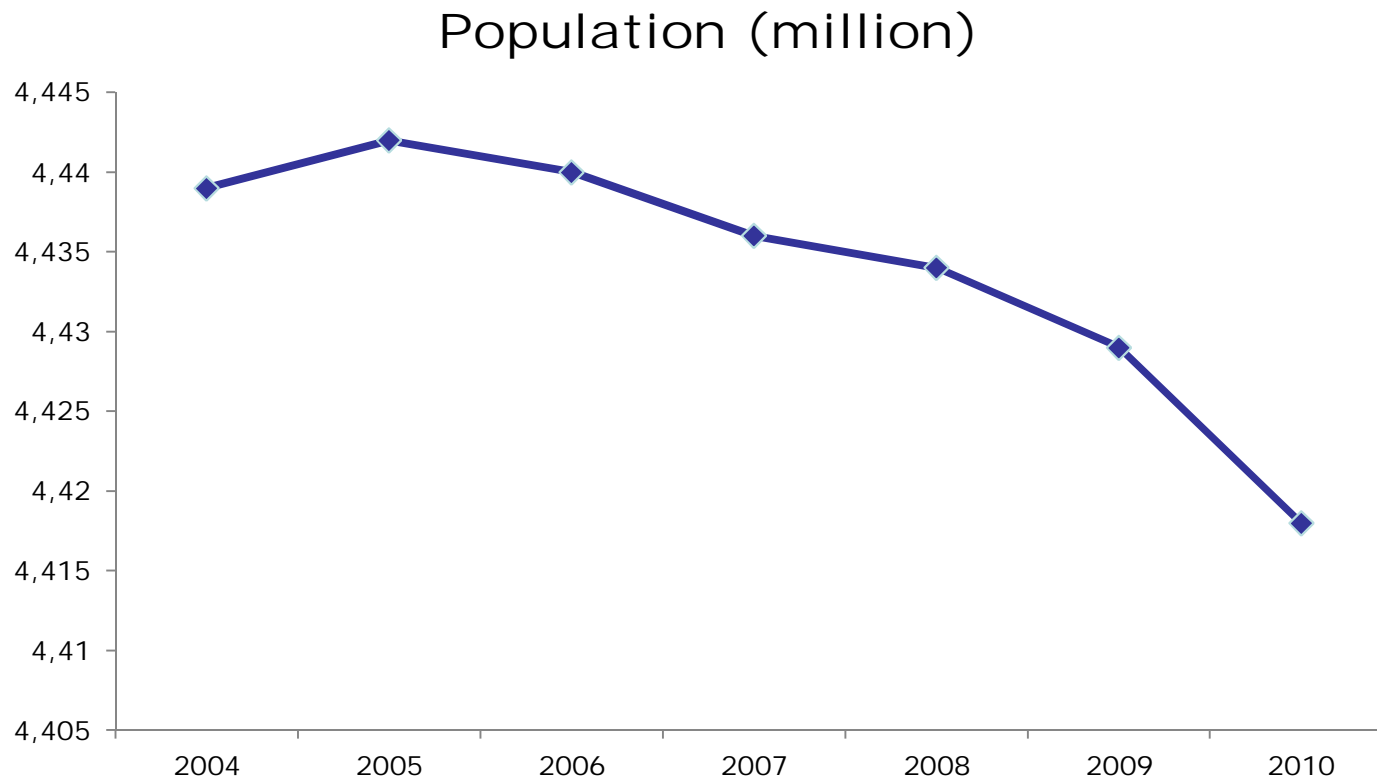
Croatian 96,1% - official,
Serbian 1%,
other and undesignated (including Italian, Hungarian, Czech, Slovak, and German) 2,9%.

Religions:

Roman Catholic 87,8%,
Orthodox 4,4%,
other Christian 0,4%,
Muslim 1,3%,
other and unspecified 0,9%,
none 5,2%.

1. General information

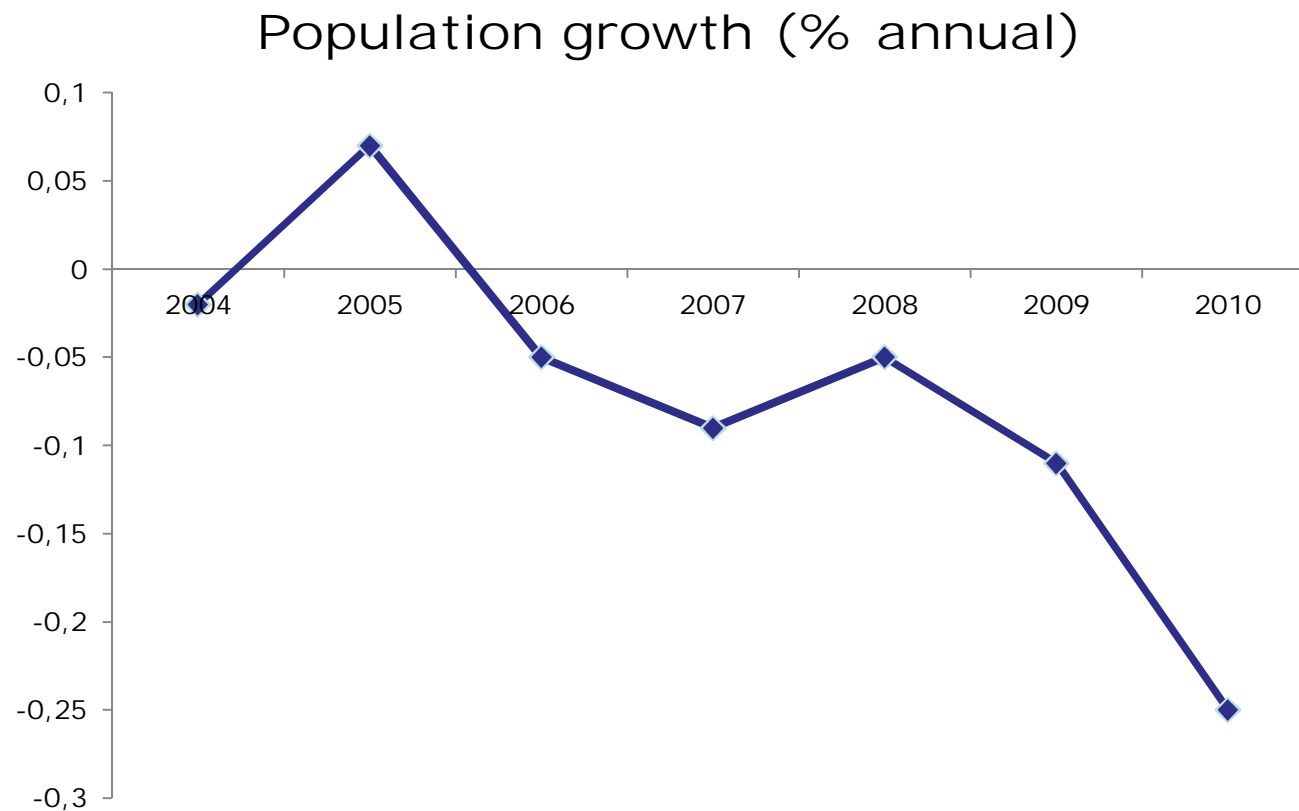
f) Total population change



Source: The World Bank

1. General information

g) Population growth rate



Source: The World Bank

1. General information

h) Transport infrastructure

Airports 68

Ports and terminals

Omisaalj, Ploce, Rijeka, Sibenik, Vukovar (on Danube)

Railways 2 722 km

Roadways 28 788 km
(paved in 2006, 89 % of total roads)

Waterways 785 km

Sources: Croatian Bureau of Statistics, Republic of Croatia; CIA World Factbook;
The World Bank, World Developments Indicators database May 2012

1. General information

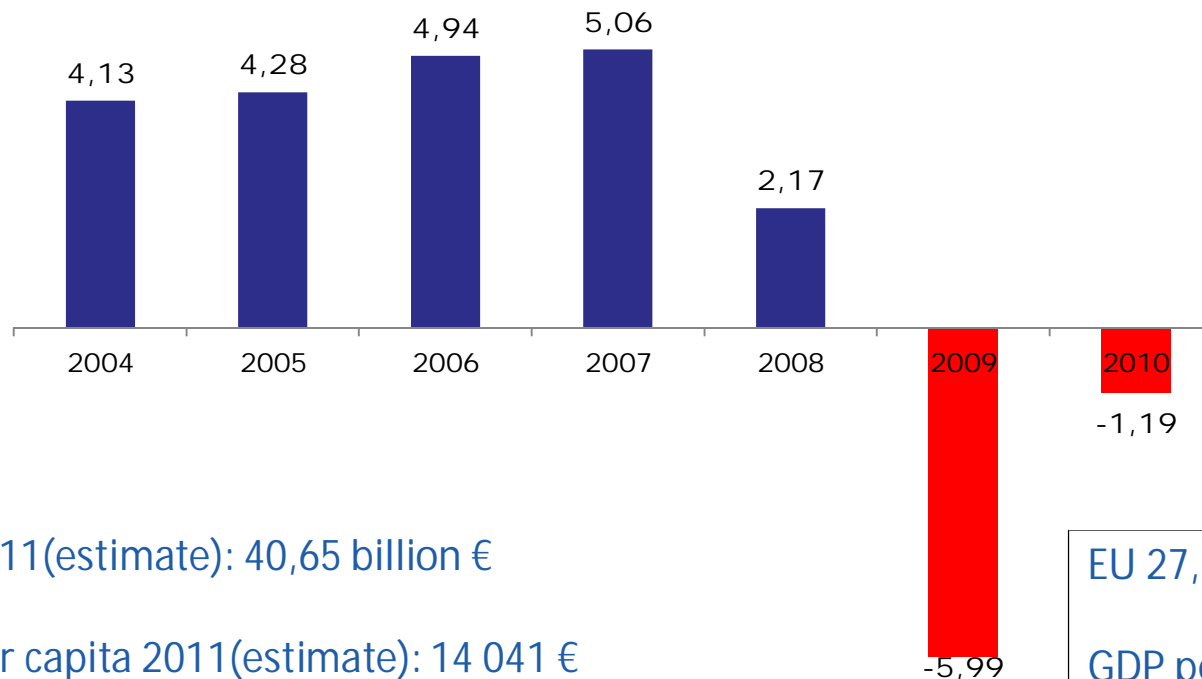
i) Largest companies in Croatia by revenues, 2008

	Company name	Industry	Status	Revenues (2006) M EUR
1	INA Group - Consolidated	Energy and Resources	Publicly listed	3 377,4
2	Agrokor	Consumer Business	Private	2 072,0
3	HEP Group - Consolidated	Energy and Resources	State owned	1 395,1
4	Konzum	Consumer Business	Publicly listed	1 325,4
5	HT	Technology, Media and Telecommunications	Private	946,9
6	Pliva Group	Life Sciences and Health Care	Publicly listed	858,5
7	T-Mobile	Technology, Media and Telecommunications	Private	556,0
8	HŽ (Croatian railroads)	Aviation and Transport Services	State owned	527,0
9	Vipnet	Technology, Media and Telecommunications	Private	477,6
10	Hep Distribucija	Energy and Resources	Private	454,0

Source: Deloitte, Top 500 companies in the Central and East Europe

2. Economic development

a) GDP annual growth rate



GDP 2011(estimate): 40,65 billion €

GDP per capita 2011(estimate): 14 041 €

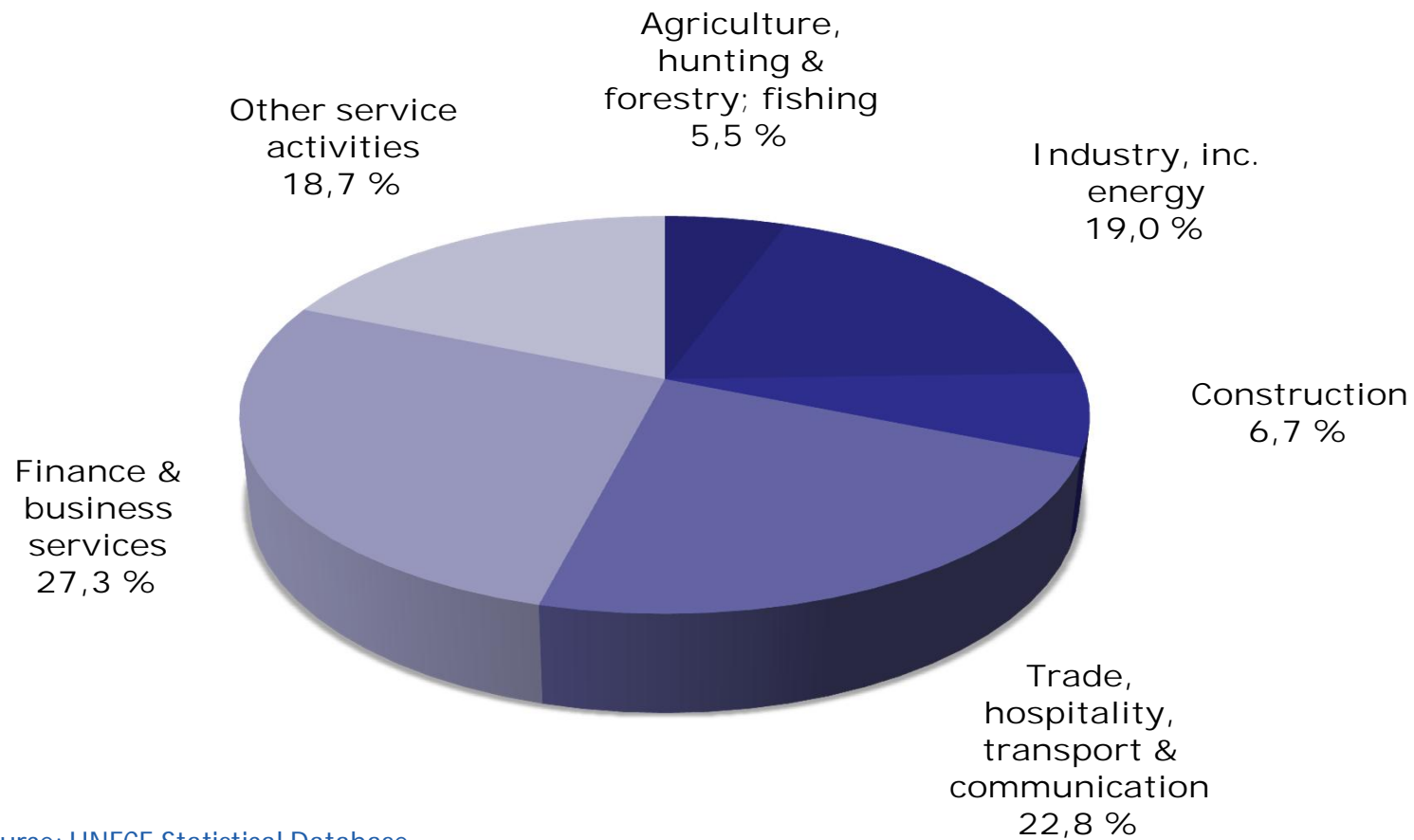
EU 27, 2011: 1,5 %

GDP per capita in PPS
2010:
EU 27=100, Croatia=61
[Eurostat]

Sources: Croatian National Bank;
estimates from CIA The World Factbook

2. Economic development

b) GDP by major sectors, 2010



Source: UNECE Statistical Database

2. Economic development

c) Labour force and population

	2008	2009	2010
Population	4 435 728	4 430 402	4 418 942
Economically active population	1 791 546	1 761 958	1 734 879
Unemployed	236 741	263 174	302 425
Unemployment rate (%)	13,2 %	14,9 %	17,4 %

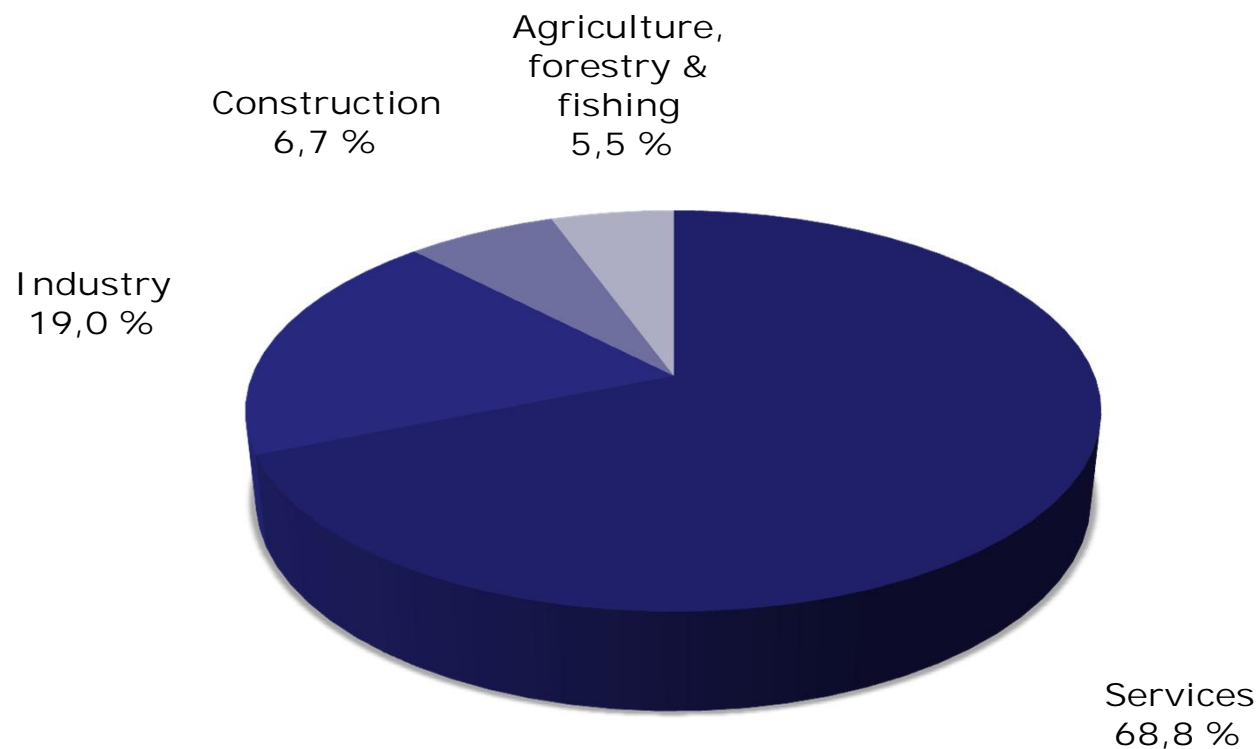
Registered unemployment rate, March 2012: 15,9 %

Sources: Croatian Bureau of Statistics, Republic of Croatia;
Eurostat, UNECE Statistical Database

EU 27, March 2012: 10,2 %
[Eurostat]

2. Economic development

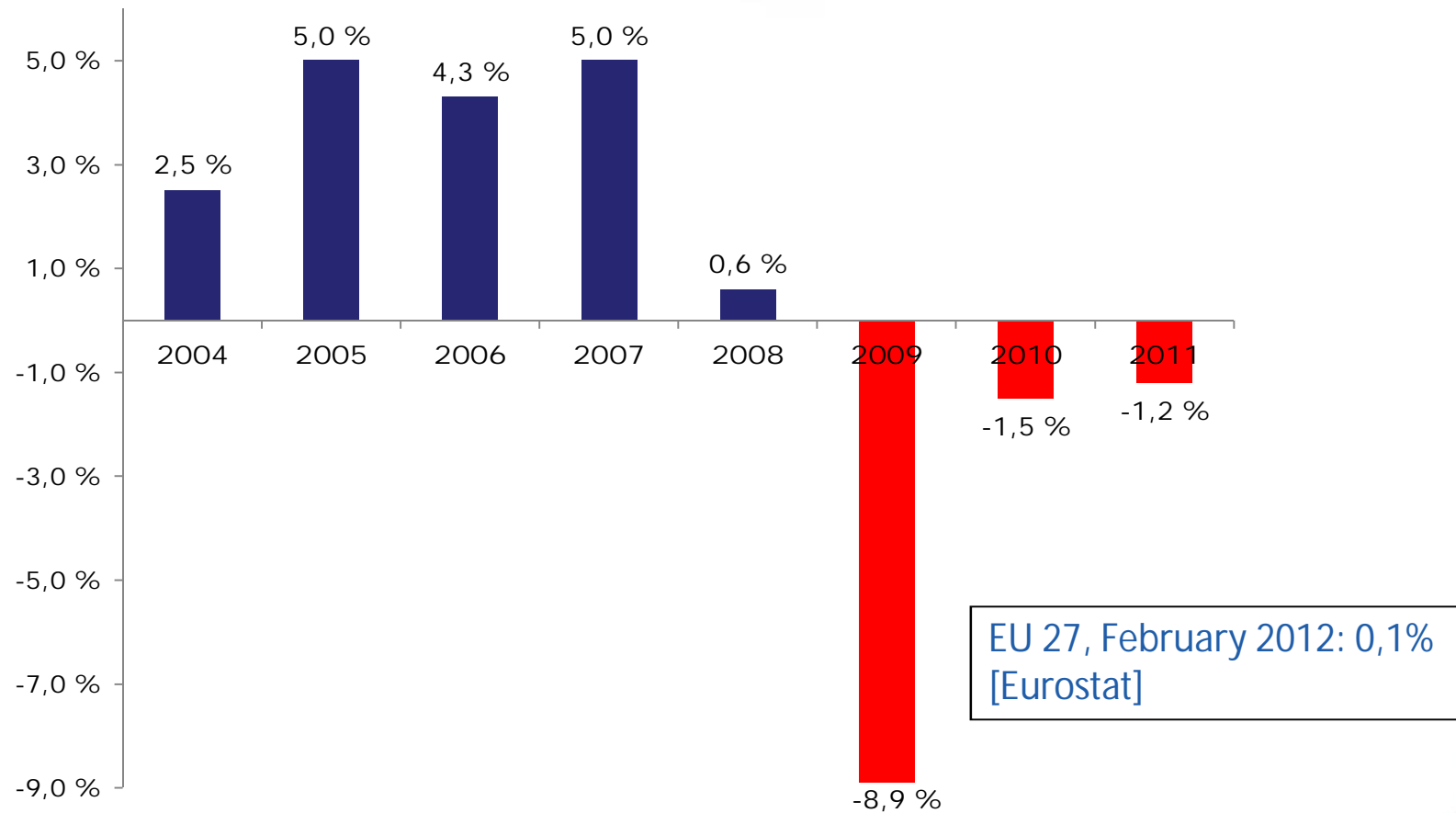
d) Employment by main sectors, 2010



Source: European Commission,
Croatia 2011 Progress Report

2. Economic development

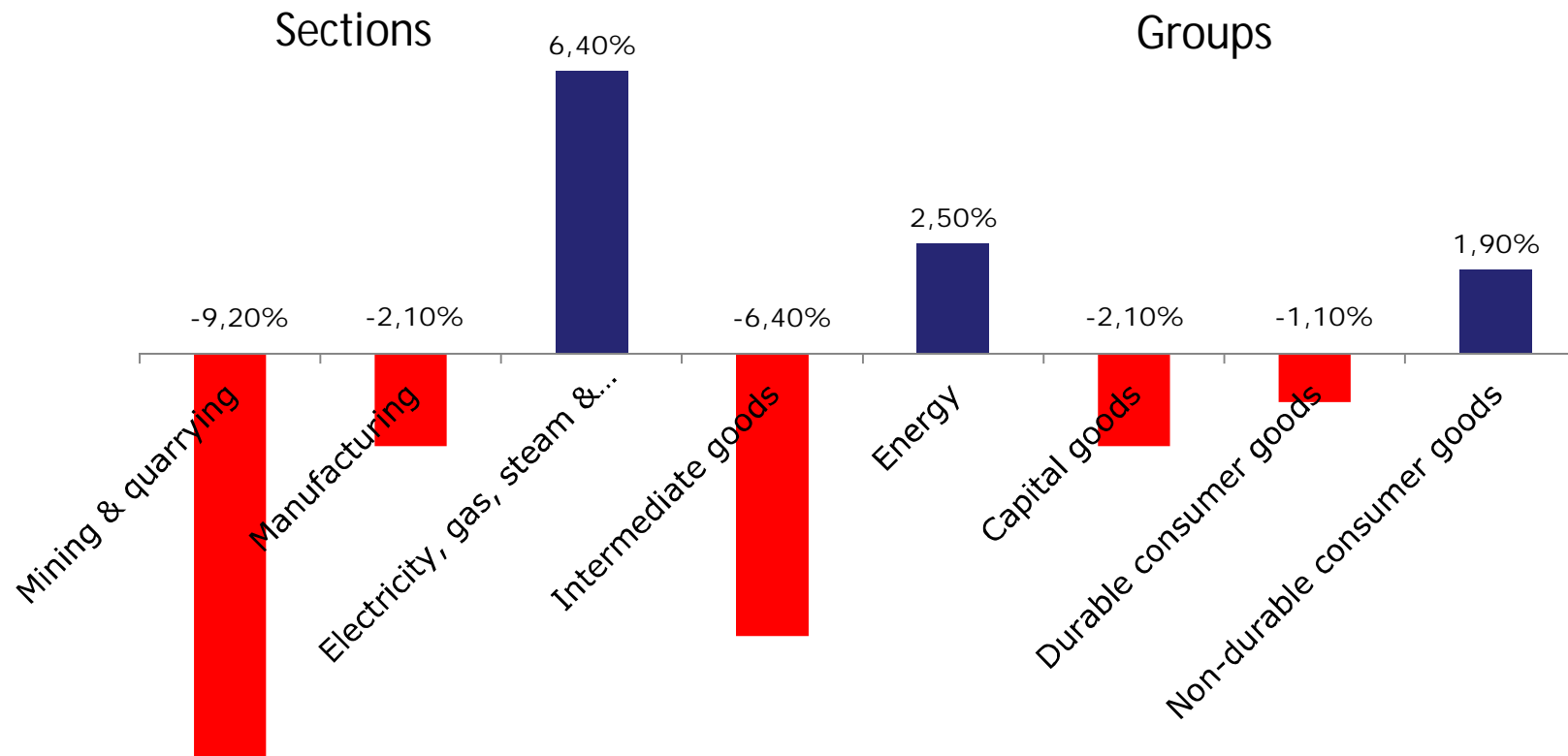
e) Industrial production growth rate



Source: Eurostat

2. Economic development

f) Industrial production growth by sections & groups, 2010



Source: Croatian Bureau of Statistics, Republic of Croatia

2. Economic development

g) Bank reserves & external debt (million €)

	2008	2009	2010
International reserves of the Croatian National Bank	9 120,9	10 375,8	10 660,3
Banks' foreign exchange reserves	4 644,5	4 293,9	3 828,9
Gross external debt	39 950,2	44 606,5	45 768,5
Balance of payments - current account	-4 335,5	-2506,0	-654,3

Source: Croatian Bureau of Statistics, Republic of Croatia

3. Political scene

a) Business freedom

Ranking index	Rank of Croatia/ Total number of countries
World Democracy Audit overall ranking (World Audit, May 2012)	37/150
Global Competitiveness Index 2011- 2012 (World Economic Forum)	76/142
The 2012 Index of Economic Freedom (The Heritage Foundation)	83/179
Corruption Perceptions Index 2011 (Transparency International)	66/183
Ease of Doing Business 2012 (World Bank)	80/183

3. Political scene

b) Starting a business

Indicators	Croatia	Eastern Europe & Central Asia	OECD
Procedures	6	6	5
Time (days)	7	16	12
Cost (% of income per capita)	8,6%	8,3%	4,7%
Paid-in Min. Capital (% of income per capita)	13,8%	10%	14,1%

Source: The World Bank: Doing Business

3. Political scene

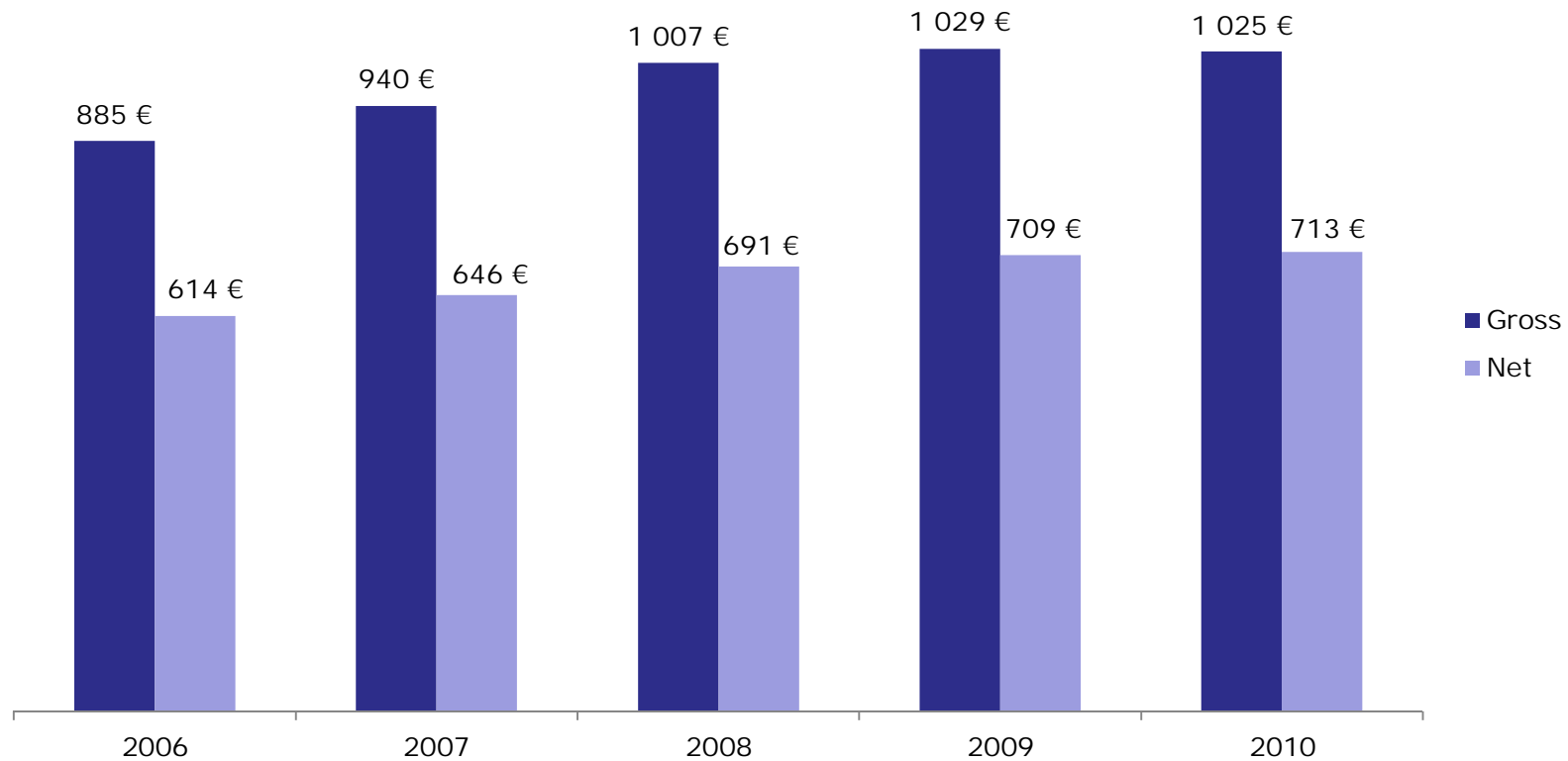
c) Taxes & government spendings

<u>Taxes</u>	<u>Rate</u>
The top income tax rate	40,0 %
The top corporate tax rate	20,0 %
Other taxes (excise taxes & VAT) & overall tax revenue	19,1% of GDP
Government spendings	42,8% of total domestic output
Public debt	40% of GDP
<u>Deficit</u>	<u>5% of GDP</u>

Source: The Heritage Foundation

4. Prosperity and consumption

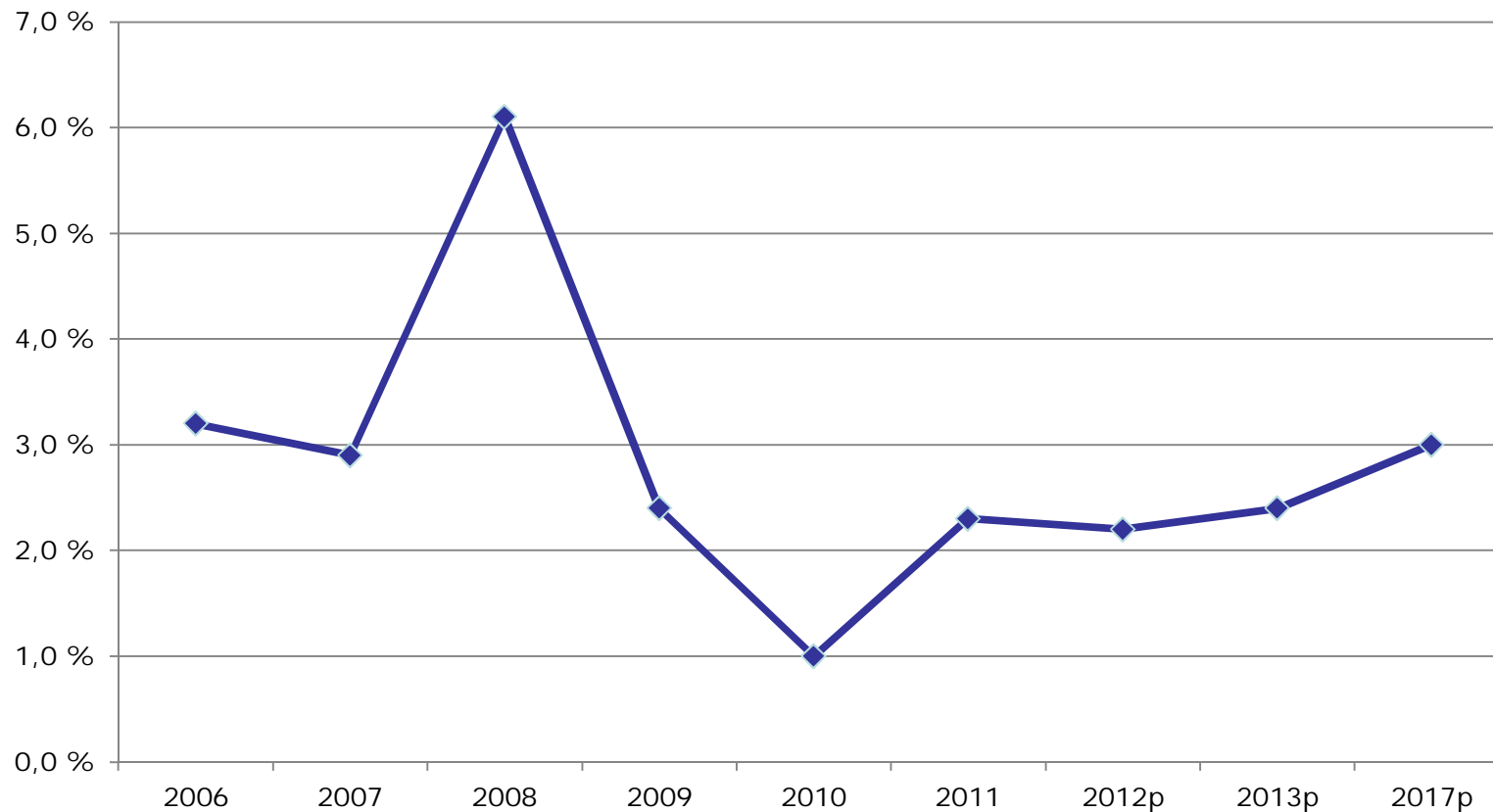
a) Average monthly paid off net & gross earnings*



Source: Croatian Bureau of Statistics, Republic of Croatia
*per person in paid employment in legal entities

4. Prosperity and consumption

b) Consumer Price Inflation*



Source: IMF World Economic Outlook Database 4/2012
p-projections
*annual averages

Euro zone, 2011: 2,7% [Eurostat]

4. Prosperity and consumption

c) Consumption expenditures, average per household, 2009

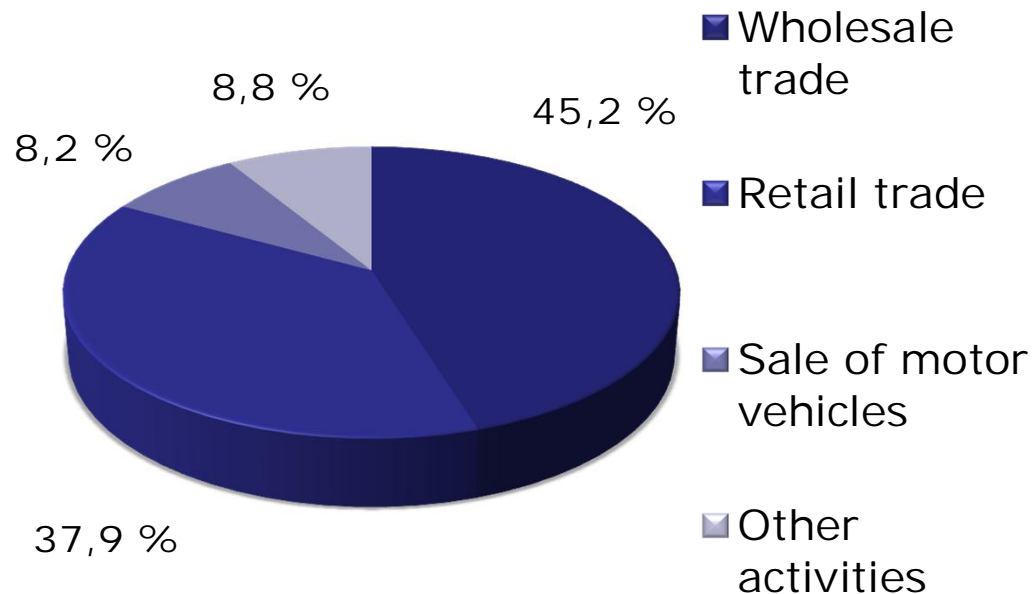
Structure of expenditures	10 166€
Food & non-alcoholic beverages	32,06 %
Housing & energy consumption	14,39 %
Transport	10,98 %
Clothing & footwear	7,29 %
Recreation & culture	5,99 %
Furnishing, household equipment & maintenance	5,22 %
Communication	5,14 %
Alcoholic beverages & tobacco	3,59 %
Restaurants & hotels	3,11 %
Health	2,77 %
Education	1 %
Miscellaneous goods & services	8,45 %

Source: Croatian Bureau of Statistics, Republic of Croatia

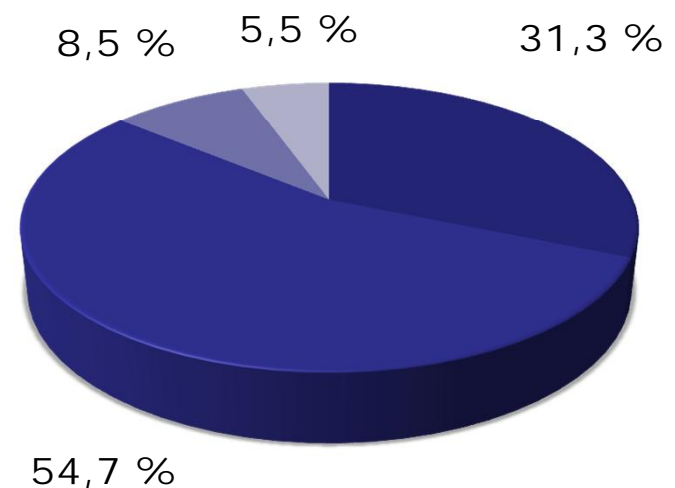
4. Prosperity and consumption

d) Distributive trade by main activity of business entities, 2010

Turnover



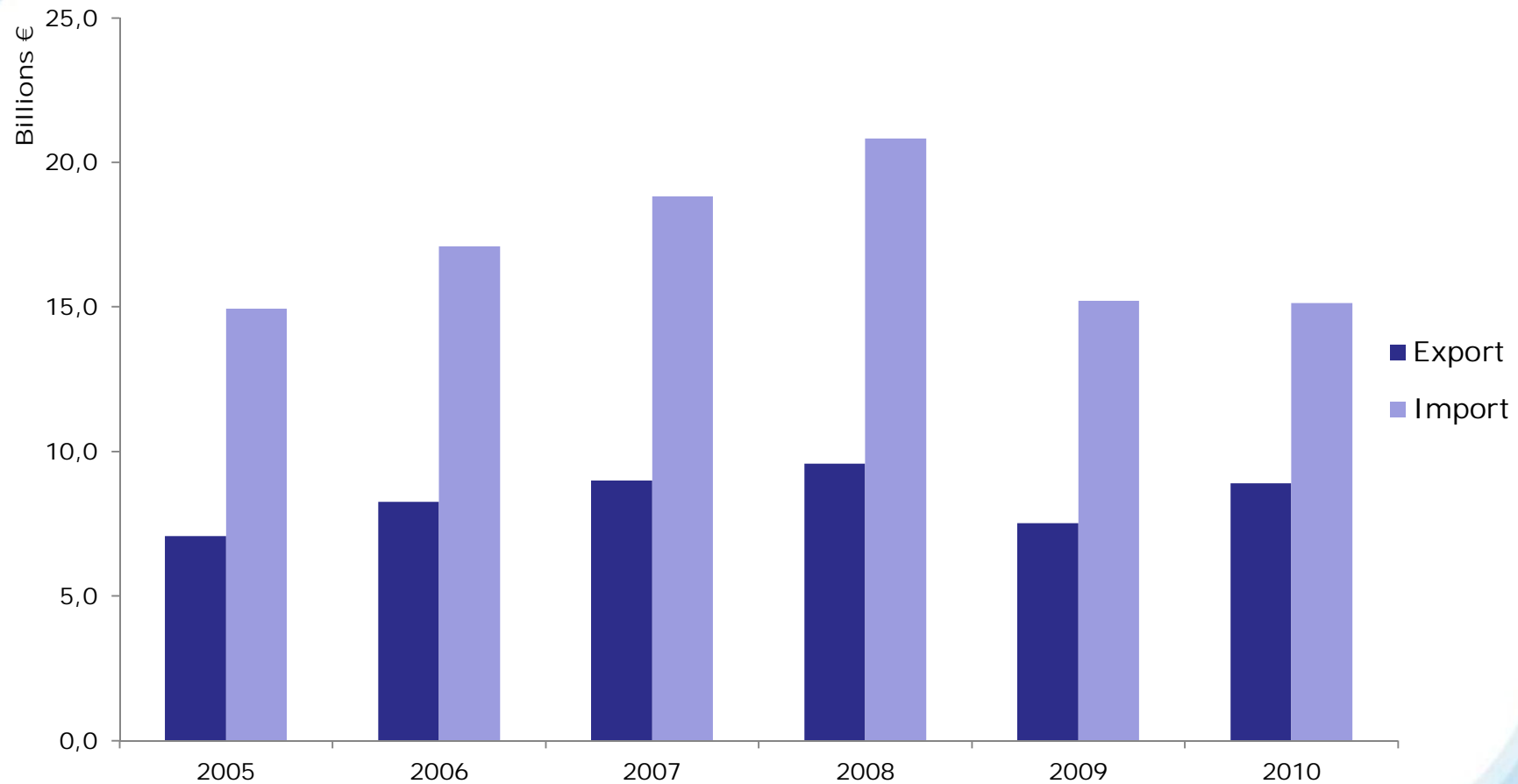
Persons employed



Source: Croatian Bureau of Statistics, Republic of Croatia

5. External economic relations

a) Development of foreign trade (billion €)



Source: Croatian Bureau of Statistics, Republic of Croatia

5. External economic relations

b) Foreign trade structure in 2010

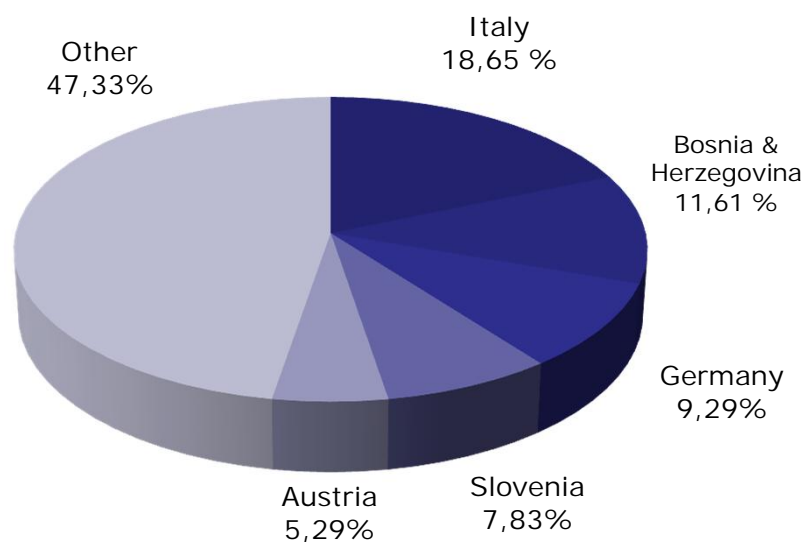
Sections	Export	Import
Machinery & transport equipment	31,68 %	25,65 %
Manufactured goods	14,17 %	18,01 %
Miscellaneous manufactured articles	12,58 %	11,48 %
Mineral fuels & lubricants	12,47 %	18,75 %
Chemical products	11,42 %	14,13 %
Food and live animals	8,54 %	8,99 %
Crude materials, except fuels	6,72 %	1,69 %
Beverages & tobacco	2,12 %	0,91 %
Animal & vegetable oils & fats	0,24 %	0,38 %
Commodities & transactions, n.e.s.	0,08 %	0,03 %

Source: Croatian Bureau of Statistics, Republic of Croatia

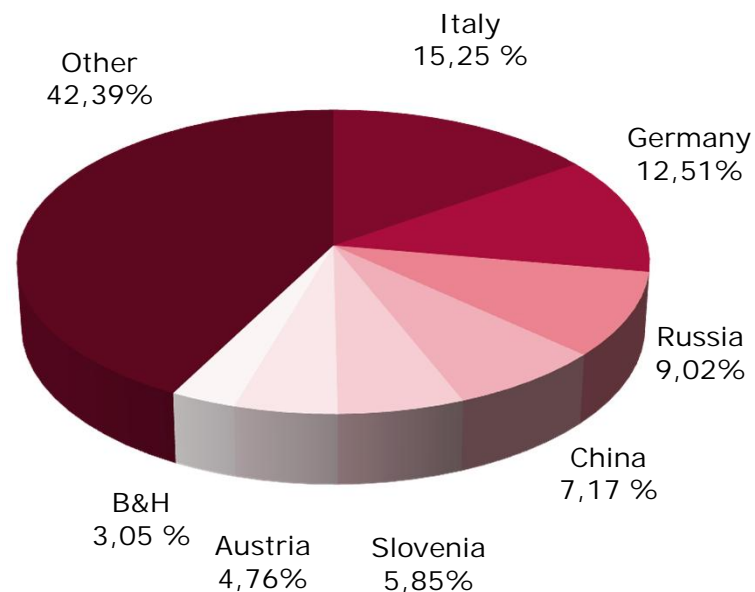
5. External economic relations

c) Major export and import partners in 2010

Export



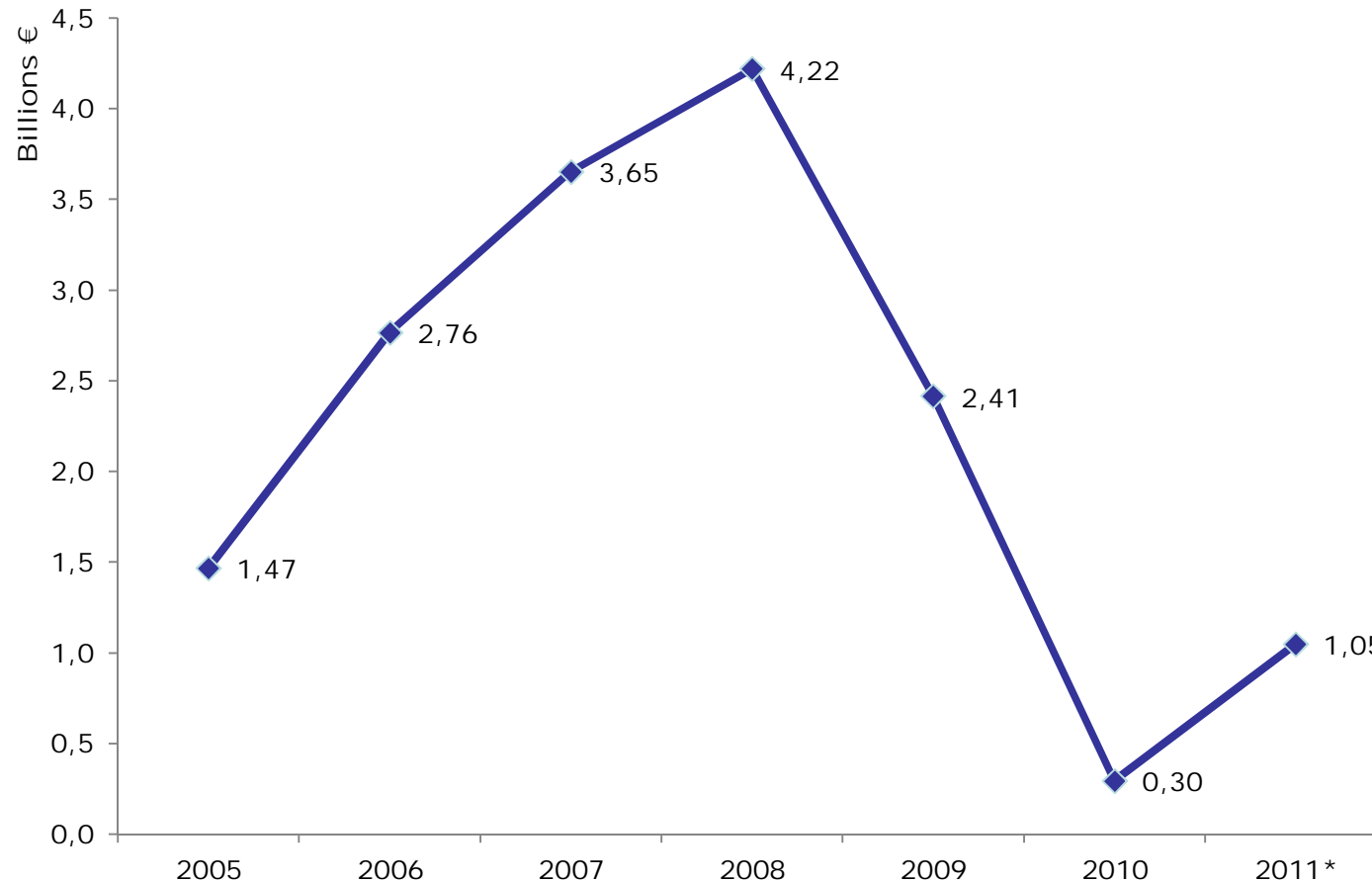
Import



Source: Croatian Bureau of Statistics, Republic of Croatia

5. External economic relations

d) Foreign direct investments in Croatia (billion €)



Source: Croatian National Bank
*preliminary data

5. External economic relations

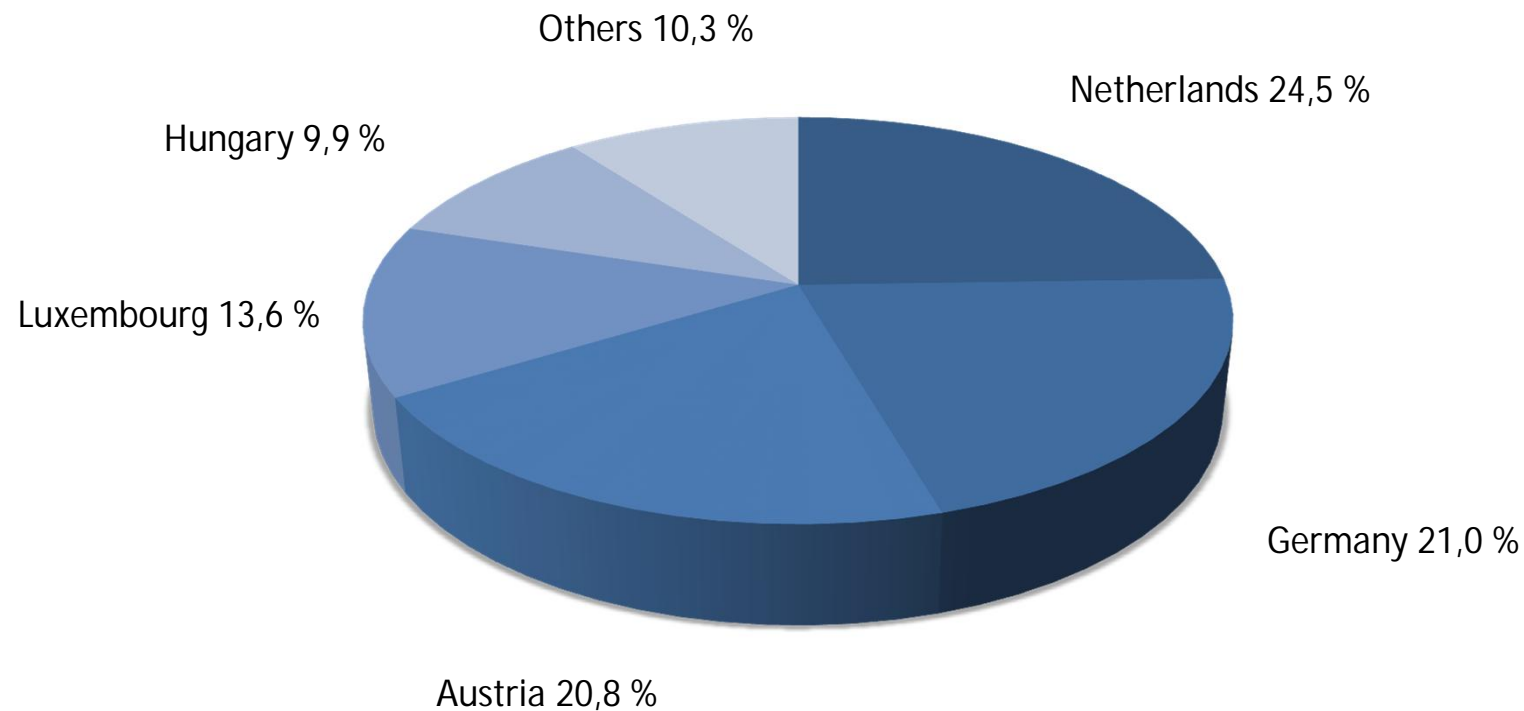
e) Foreign direct investment stock

	2000	2010
FDI inward stock	2,1 billion €	26,5 billion €
FDI outward stock	635 million €	3,2 billion €

Source: UNCTAD, World Investment Report 2011
Exchange rate according to the
Bank of Finland 10.05.2012, 1 EUR = 1,2961 USD

5. External economic relations

f) Foreign direct investment by countries, 2011*



Source: Croatian National Bank
*preliminary data

5. External economic relations

g) FDI by sectors, 2011

Sectors

Financial intermediation, except insurance and pension funds	18,4 %
Real estate activities	17,0 %
Manufacture of chemicals and non-chemical products	16,3 %
Real estate investments	10,1 %
Manufacture of coke, refined petroleum products and nuclear fuel	4,6 %
Manufacture of other non-metallic mineral products	3,7 %
Other business activities	3,5 %
Recreational, cultural and sporting activities	3,4 %
Supporting and auxiliary transport activities	2,7 %
Post and telecommunications	2,7 %
Other activities	17,6 %

Source: Croatian National Bank

6. Additional information

a) Business services and authorities

BUSINESS SUPPORTING SERVICES

Croatian Chamber of Economy
www2.hgk.hr/en

Finpro Central and South East Europe
www.finpro.fi/en-US/Business/Market+Knowledge/Finpro+Central+and+South+East+Europe

Trade and Investment Promotion Agency, Croatia
www.apiu.hr

SOME AUTHORITIES

Government of the Republic of Croatia
www.vlada.hr/en

Ministry of Economy, Labour and Entrepreneurship
www.mingorp.hr

Ministry of Finance
www.mfin.hr

Ministry of Foreign Affairs and European Integration
www.mvpei.hr

Croatian National Bank
www.hnb.hr/eindex.htm

Information subject to changes

6. Additional information

b) Embassy and European Commission's Delegation

Embassy of Finland, Zagreb, Croatia

www.finland.hr

Contacts:

Embassy of Finland
Miramarska 23
HR-10000 Zagreb
Croatia

Tel. +385 1 6312 080

Fax +385 1 6312 090

E-mail: sanomat.zag@formin.fi

Delegation of the European Commission to Croatia

www.delhrv.ec.europa.eu/en

Contacts:

Delegation of the European Commission to the Republic of Croatia

Trg žrtava fašizma 6
HR-10000 Zagreb
Croatia

Tel. +385 1 4896 500

Fax +385 1 4896 555

E-mail: delegation-croatia@ec.europa.eu

Information subject to changes

6. Additional information

c) Other sources

Central Bureau of Statistics, Republic of Croatia
www.dzs.hr/default_e.htm

CIA World Factbook
<https://www.cia.gov/library/publications/the-world-factbook/index.html>

The Economist Intelligence Unit EIU
www.eiu.com

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

Eurostat
epp.eurostat.ec.europa.eu

International Labour Organization ILO
www.ilo.org

International Monetary Fund IMF
www.imf.org

Information subject to changes

6. Additional information

c) Other sources

United Nations Economic Commission for Europe UNECE
www.unece.org

Unicef
www.unicef.org

The World Bank
www.worldbank.org

Information subject to changes