

U.S. Country Commercial Guides



Croatia
Year 2020

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Doing Business in Croatia

Market Overview

Croatia is a small and complex market but plays an important role in the economic and political stability of Southeast Europe. This region, the size of Texas in area, represents a market of roughly 60 million people and over \$600 billion in GDP. It has significant growth potential, as its integration process into the European Union continues and as local populations strive to achieve the lifestyle of the more developed Western European countries that have three-four times higher GDP per capita.

Croatia has been a member of NATO since 2009 and joined the European Union in 2013. Croatia enjoys an excellent geographic position that could allow it to serve as a regional hub for U.S. companies. Zagreb, its capital, is only about a four-hour drive away from Vienna, Venice, Budapest, or Belgrade, and only a two-hour drive from the beautiful Adriatic coast. Croatia has excellent roads, sound ICT infrastructure, and a competitive white-collar workforce. The Croatian government has announced significant investments to improve its poorly developed rail system during the next few years. The quality of life in Croatia is very high: it is a safe country, with good food, well-preserved nature, a mild climate, and abundant historical sites and other tourist attractions.

Unfortunately, Croatia has not fully completed the transition to a market economy. A socialist mindset still prevails in parts of Croatian society. The income of the majority of Croatians still comes from the government budget, social welfare, or public monopolies, not from revenues of truly competitive companies that operate strictly on market-based principles. So, any reforms that address excess public spending, corruption, or bureaucratic and judicial inefficiency usually face strong resistance from the privileged majority and can take a long time to implement.

Fortunately, there is also a growing number of vibrant, innovative entrepreneurs leading small-and-medium-sized, sophisticated, and internationally competitive companies across many industry sectors in Croatia. These companies have strong growth potential and could catalyze the transformation of Croatian society. As they tend to buy state-of-the-art, cost-effective equipment and technology, they also represent excellent potential partners for U.S. suppliers already present in the European market, adjusted to the EU technical and safety standards and providing after-sales services from locations in or near Croatia.

Market Challenges

Croatia is a developing economy and, despite significant progress in economic and administrative reforms since its independence in 1991, problems remain. These include a judiciary plagued by case backlogs and a lack of expertise in commercial affairs, an overly complex and sometimes non-transparent bureaucracy, the country's relatively high costs, and both real and perceived corruption. Employment taxes are high and there is a lack of good real estate title records. Companies that face court disputes in Croatia often wait many years to reach a final resolution. They also complain about a lack of enforcement and questionable court rulings.

Despite the Regulation Impact Assessment Law adopted in 2011 and substantially revised in 2017, many government agencies still avoid or do a poor job when consulting with the public or preparing impact assessment studies prior to proposing any new legislation or changes to legislation. These changes are frequent, making long-term business planning a major challenge.

The current Croatian government, which was reelected in July 2020, is committed to continue implementing its comprehensive program of planned reforms to address the complaints and suggestions from the business community. Unfortunately, the implementation of this program during the past four years has been slow. The government did improve its fiscal position and paved the way for Croatia to enter the eurozone. Croatia met the [EU Maastricht requirements](#) in 2018 and was admitted to the [Euro Rate Mechanism II](#) on July 10, 2020. According to this agreement, Croatia must enhance the competitiveness and resilience of its economy for at least two years before it can join the Euro.

Overall, the business and investment climate in Croatia is still considered difficult, requiring caution and patience for success by foreign companies. U.S. firms entering this market must contend with a typically mature market with well established, mainly European, competition. The Croatian consumer is discriminating and will consider many factors beyond brand loyalty in purchasing decisions.

Market Opportunities

As it endeavors to fully integrate into NATO and the European Union, Croatia primarily needs technologically advanced, cost-effective U.S. goods and services that will help modernize its defense capabilities, increase energy independence, and improve governance and production. In particular, Croatia's defense, energy, information and communication, and medical industry sectors would benefit from U.S. exports and investment for Croatia to remain a safe, democratic, and prosperous country that serves as an example for others in the Western Balkans that are yet to join the EU or NATO.

Croatia is replacing its outdated fighter jets, helicopters, and defense infrastructure with modern, NATO-compatible equipment. It is also looking to become a regional import hub of LNG and is building a floating LNG terminal at Krk Island, that should be operational in January 2021. Croatia's mild, Mediterranean climate with high solar coverage, as well as its strong tourism industry makes it attractive to U.S. firms supplying Distributed Energy Resource technologies (such as photovoltaic units and advanced batteries located in households and businesses behind the meter, connected to a smart grid).

U.S. firms can also leverage their expertise with advanced information and communication technologies such as the Internet of Things, Artificial Intelligence, and Blockchain. The Croatian government is digitalizing administration, and Croatian cities seek smart solutions to better manage their resources. EU development funds abundantly support investments in smart governance, mobility, and production.

Croatia's privately-owned clinics and hospitals are steadily increasing in number and size, providing a sound alternative to the struggling public healthcare system. This trend could be further boosted by the development of medical tourism, an area in which Croatia has excellent potential, given the high quality of its physicians, their relatively low wages, and the attractiveness of the country as a destination for tourists and retirees.

Market Entry Strategy

Because the Croatian market is fairly sophisticated, businesses considering entry should plan well and consider:

- The price sensitive nature of consumer demand in Croatia;
- A judicious selection of one of three low-risk entry strategies: representation; agency or distributorship. (Note that, if possible, a Croatian agent or distributor is still preferable to a "European office" due to the difficulty of the language and other idiosyncratic market factors);
- After-sales service, follow-up and training are essential;
- The entrenched bias of a conservative market that sticks to known suppliers and therefore requires sustained market development; and
- Croatia's position as the pre-eminent stepping-stone for developing most sectors in Southeast Europe.

Thorough due diligence of potential partners and specific business opportunities (especially in the real-estate sector) significantly reduces the risk of failure or long-lasting commercial and investment disputes. The U.S. Commercial Service in Croatia offers U.S. exporters a number of cost-effective business facilitation services, including counseling, information on key local contacts, appointment setting, background checks of potential business partners, and organizing single and multi-company promotion events. For a full list of the services offered please visit: <https://www.trade.gov/all-services>.

Leading Sectors for US Exports & Investments

Renewable Energy

Overview

According to [Eurostat](#), total energy consumption in Croatia in 2018 was 6.85 million tons of oil equivalent (TOE). The share of renewable resources in the total energy consumption was 27.3%. Croatia imports about 50% of the total energy consumed annually: 80% of its oil needs, 40% of its gas, 35% of its electricity, and 100% of its coal needs. The country has great potential to decrease energy imports by increasing use of renewable resources. It is still unclear how the COVID-19 pandemic will affect the introduction of additional renewable energy resources. The price of oil is at a record low, but is extremely volatile, making this traditional source of energy both appealing and problematic. Additionally, the pandemic demonstrated the importance of local production and self-sufficiency, making a strong argument for increased domestic energy production. It should be in Croatia's best interest to have a stable energy supply at a predictable cost, renewable energy resources should be the solution.

In February 2020, the Croatian government adopted a new [Energy Strategy for the period until 2030](#), with an outlook through 2050. The Strategy includes a wide range of energy policy initiatives that will improve energy security, increase energy efficiency, lower dependence on fossil fuels, increase local production and increase renewable resources. The Strategy predicts that renewable energy resources as a share of total energy consumption will grow from 23.5% in 2016 to 32% in 2030, and to 46.5%-56.3% in 2050.

In May 2020, the Croatian government adopted a proposal to incentivize the production of electricity from renewable energy sources and high-efficiency cogeneration, introducing a premium model. According to the [Renewable Energy Sources of Croatia](#), the premiums will trigger \$2 billion in investments in Croatia.

The Croatian energy regulatory framework and strategy are fully aligned with the European Union. In early 2019, the government adjusted the regulatory framework to develop a smart grid that would enable small-scale units operated by households or businesses to sell their surplus electricity to the grid, based on a sustainable business model.

Leading Sub-Sectors

Total consumption of electricity per GDP in 2017 was 214.5 kWh per 1000 EUR (PPS), well above the EU average of 187.3 kWh. Electricity price for household consumers in the first half of 2019 was 0,1321 EUR per kWh, among the lowest in EU (the EU average is 0,2159 EUR per kWh). For non-households it was 0.1034 EUR per kWh, again lower than the average EU of 0.1251 EUR per kWh. Please see [Energy in Croatia](#) publication for more information.

While there are fifteen active electricity suppliers in Croatia, the state-owned Croatian Electricity Company (HEP) is still the key market player. Since Croatia joined the EU, the Croatian Electric Energy Transmission Operator (HOPS) operates as the state-owned company, independent from HEP. These companies will play an important role in the development of Distributed Energy Resources (DER) in Croatia. According to recent analysis prepared by [The Boston Consulting Group \(BCG\)](#), a U.S. based global management consulting firm, local DER are mostly limited to reselling imported solar heating equipment to households and businesses, with little local production. Only a few DER suppliers offer integrated solutions with cost-benefit analysis, permit acquisition, installation, and maintenance. Almost no one offers full end-to-end services including financing, an insurance package, local network integration, and energy trading. However, there are several local companies preparing to launch such full-service business models in the coming years.

According to BCG, Croatia has great potential for solar energy usage in the form of DER. Croatia has one of the highest amounts of solar radiation in Europe (3.4-5.2 kWh/m²day), but one of the lowest photovoltaic capacity per capita (12 Wp -- lower than Sweden and 40 times lower than Germany). The largest opportunity lies along the

Croatian coast that is flooded by tourists who overload the local infrastructure capacity during the summer (in 2019, 18.3 million foreign tourists visited Croatia – a country of 4 million inhabitants).

Opportunities

According to BCG, the following are the seven key technologies that are needed to support the development of DER in Croatia:

- Battery Storage: Captures electricity for use at a later time
- Photovoltaic: PV panels for conversion of sunlight to electricity
- Combined Heat & Power: CH&P plants with various feedstocks
- Energy Efficiency: A way of managing and restraining the growth of energy consumption
- EMS/VPP (Environmental Management System/Voluntary Protection Program): A digital ecosystem of hardware, software, and services for monitoring and controlling the energy flow
- Demand Response: Services that help better match the power demand with supply
- Grid Integration: Not a specific technology, but solutions that help integrate DER into the grid

Resources

Key Events:

- [CIRED Croatia - The International Conference on Electricity Distribution](#)
September 20-23, 2020, Šibenik, Croatia
- [Days of Good Wind](#)
September 17-18, 2020, Dubrovnik, Croatia

[Ministry of Environmental Protection and Energy](#)

[Croatian Electricity Company](#)

[Croatian Electric Energy Transmission Operator](#)

[Croatian Energy Regulatory Agency](#)

[Croatian Energy Market Operator](#)

[Energy Institute Hrvoje Pozar](#)

[The Environmental Protection and Energy Efficiency Fund](#)

[Renewable Energy Sources of Croatia](#)

[U.S. Embassy - U.S. Commercial Service](#)

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Information and Communication Technology

Overview

The COVID-19 pandemic accelerated digital transformation in Croatia. In response to the crisis, companies quickly implemented cloud technologies to enable work from home, retailers started online sales, new government services became available online, and citizens increased daily online communication including on education platforms. This example encouraged the government to intensify efforts to fully digitalize public services. Despite the negative impact on other sectors of the economy, the smart technologies sector is expected to grow significantly.

According to the European Union (EU) [Digital Economy and Society Index \(DESI\) 2020](#), Croatia ranks 20nd out of the 28 member states. Despite this overall low performance in Digital Economy, there are dozens of highly technologically advanced companies in Croatia. For example, the most powerful supercomputer in the Adriatic region is located at the University of Rijeka; the fastest electric hyper car Concept Two was developed and manufactured in Croatia by [Rimac Automobili](#); and the most used multifunctional demining robotic system is produced by the Croatian company [Dok-Ing](#).

77% of Croatia's population uses the Internet and [Croatia has the highest share of individuals aged 16 to 24 with basic or above basic overall digital skills \(97%\) in the European Union](#). The use of internet services in Croatia is comparable to the EU average, with news, video calls, music, videos and games being the most used services. According to DESI 2020, Croatian businesses have significantly advanced integration of digital technology, jumping from 17th place in 2019 to 12th place in 2020. The use of cloud technologies, at 22%, is above the EU average, but regarding electronic information sharing, it is in the bottom five EU countries. The COVID-19 pandemic may improve these indicators as the business sector integrates digital technologies.

Human Capital

The public perception in Croatia is that it has high-quality ICT specialists with competitive wages that are attractive for outsourcing by foreign companies. According to the DESI 2012, Croatia is above the EU average percentage of graduated ICT specialists, and the country ranks 13th in EU for overall human capital dimension. The Croatian government intends to further increase human capital through the [e-Schools project](#). The project is funded by European Structural and Investment Funds to increase information technology use and integration in primary and secondary schools. The first \$51 million phase of the project ran from 2015-2018, and has equipped 10% of Croatian schools with laptops, tablets, wireless networks and other ICT equipment. The second phase is scheduled for 2019-2022 and will cover the remaining 90% of schools. Besides the ICT equipment, this phase will include the development of curricula, teaching and learning models, and professional training for teachers and school management personnel.

Broadband Connectivity

According to the Digital Economy and Society Index, Croatia is continuously improving its connectivity; however, it is still among the least connected in the EU. 4G coverage is 98%, above the EU average, but 5G implementation is still in the early stages. The European Commission approved a \$127 million infrastructure project to develop New Generation Network in rural areas and other regions in Croatia that are not economical for private operators. The project is run by the Croatian state-owned company [Odasiljaci i Veze](#) and should provide symmetrical speeds of 100 Mbps in these areas by the end of 2023.

eGovernment Service

The eCitizen platform was launched in 2014 to unite all eGovernment services. The platform offers 66 eServices and 75% of Internet users used it to submit forms. The eBusiness services platform is announced to launch in the second half of 2020. In the [eCroatia 2020 strategy](#) adopted in May 2017, the Croatian government outlined its Action Plan to implement additional eServices for citizens and businesses to speed up communication with the public administration, and to increase transparency of the public sector. The planned projects include the establishment of a Shared Service Center, a Government Cloud and an Information Security Management System, as well as further developments of eServices. Most of the planned projects are still ongoing, while the new strategy named [Croatia 2030](#) is in the development process.

The best performance within eGovernment in Croatia is in the use of eHealth services. An estimated 22% of citizens use these services, which is above the EU average of 18%. The National Healthcare Information System (CEZIH) offers ePrescription, eReferral, eBooking, Electronic Health Record (EHR), a Patient Portal, eSickLeave, eMedicalAids, as well as eHealthcare and eWorkInjury services for employers. Croatia is among several EU countries that started implementation of cross-border services involving e-prescription and access to patient data by physicians in the EU countries.

Smart City

The development of Smart City infrastructure in Croatia is at an initial level but is progressing quickly. About 50% of Croatian cities have already started the process of implementing one or more smart solution projects. [The Association of Cities](#) promotes the development of Smart City concepts and an increase in the use of EU funds for Smart City projects.

Dubrovnik is one of the leading Smart Cities in Croatia, with a smart city strategy project called [Smart City Dubrovnik 2020](#). The local development agency, [DURA](#), coordinates the strategy that suggests the use of smart technologies in mobility and infrastructure, economic development, public administration management, and quality of life. Dubrovnik also has the first smart street in Croatia, developed in partnership with T-Com. The street has a multifunctional sensor network installed with public lighting, wireless high-speed Internet connection, cameras that monitor traffic violations, smart parking with contactless payments, and environmental conditions control.

Zagreb, Croatia's capital, also has a strong Smart City initiative. Some of the announced projects include: an [LED lighting project](#) for converting city lights into smart LED technology that should start in 2020; the establishment of an open data portal to consolidate local city services with municipality and public services; and the implementation of a national ePolice project, which involves the establishment of an operations communication center in every Croatian city and equipping police officers with cameras.

Some smaller cities, like Pleternica, Koprivnica, Bjelovar, and Pula, also have extensive Smart City projects with focus on quality of life, transparency, energy efficiency and fostering local entrepreneurship.

Blockchain

Blockchain technologies in Croatia are in the early adoption stages with a strong focus on cryptocurrencies. [The Association for Blockchain and Cryptocurrencies](#) is the main market developer and it provides a [list of companies working with blockchain technology](#). The Croatian government is participating in public discussions about implementation of blockchain technology in healthcare, urban planning, and other areas, but no specific projects have been created yet. In 2019, Croatia joined the European Blockchain Partnership.

Cybersecurity

Croatia has adopted the EU Directive on the Security of Network and Information Systems (NIS Directive) that is expected to boost demand for cybersecurity solutions. The Ministries of Defense and Interior are developing cybersecurity capabilities with a government-wide plan to establish a cybersecurity intelligence center in Zagreb in 2020.

Resources

Key Events:

- [Bug Future Show](#)

January 2021, Zagreb, Croatia

- [Smart Cities](#)

March 2021, Zagreb, Croatia

- [Shift 2021](#) - the biggest Conference in Southeast Europe

June 2021, Split, Croatia

- [SecureTech – Cybersecurity Conference](#)

December 2021, Zagreb, Croatia

[Croatian Academic and Research Network - CARNet](#)

[Ministry of the Sea, Transport and Infrastructure](#)

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Healthcare

Overview

Croatia spent an estimated 7.0% of GDP on healthcare in 2019, equal to \$4.336 billion, or \$1,050 per capita. 77% of this spending was in the public sector and 23% in the private sector. In 2019, the medical devices market was worth \$340.8 million, while pharmaceutical sales were \$1.53 billion.

Funding for healthcare in Croatia comes principally from the compulsory health insurance system, which is operated by the Croatian Health Insurance Fund (HZZO). The HZZO collects contributions from the working population and the government makes payments on behalf of those exempt, such as the elderly, the unemployed, and dependents. The size of the private healthcare sector is expanding in Croatia, but the greatest increases have occurred in the number of general practitioners' offices, which do not require as much high-tech equipment as large hospitals. Private clinics and medical practitioners account for approximately 10% of total services provided in the health sector.

The Croatian healthcare market is expected to grow in the coming years. Healthcare development is among the top priorities for the current government. The European Union and the World Bank already supported government efforts with over \$500 million to improve efficiency and the quality of the Croatian public healthcare system. The country has potential to grow beyond local healthcare market due to medical tourism. Croatia is a popular medical tourism destination for dental services, rehabilitation, orthopedics, dermatology, and aesthetic surgery, with a high potential for further growth. An improved regulatory environment, fully aligned with EU regulations, has allowed simple and quick market entry for many newcomers. Additionally, an aging population and reliance on imports should make this market interesting to U.S. medical companies.

Opportunities

- COVID-19 related products will remain the top priority for a while.
- The Ministry of Health is developing new medical facilities in Rijeka and Split. An estimated \$136.9 million will be invested in the construction of a new hospital in Rijeka. Additionally, a new hospital with integrated accident and emergency services will be built in Split.
- The Ministry also plans for the construction of four new university hospital centers in Split, Rijeka, Osijek and Zagreb over the next decade.
- The [National Cancer Prevention Strategy 2020-2030](#) is expected to increase the number of related medical devices in public hospitals. In January 2020, Croatia launched a national lung cancer early detection program, with the City of Zagreb purchasing a new low-dose high-resolution CT scanner to aid the program.
- The National eHealth Strategy, expected to be adopted by the end of 2020, will include the development of modular IT infrastructure adjustable to different crises, and will emphasize telemedicine.
- Medical tourism is likely to continue driving demand for high-quality medical, dental, and pharmaceutical products, as well as for hospitality services in the healthcare sector, healthcare software, telemedicine, and accreditation institutions.

Resources

- [Dentex](#) – International Dental Medicine Fair
September 24-26, 2020, Zagreb, Croatia
- [Crikvenica International Health Tourism Conference](#)
November 12-13, 2020, Crikvenica, Croatia
- [The European Patient Experience and Innovation Congress](#)
2021, Dubrovnik, Croatia

[Croatian Ministry of Health](#)

[Croatian Institute for Health Insurance](#)

[Croatian Agency for Medicinal Products and Medical Devices](#)

[State of Health in the EU - Croatia](#)

[National Cancer Prevention Strategy 2020.-2030.](#)

[Zagreb Cluster of Health Tourism](#)

[Association of the Medical Tourism Development](#)

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Aerospace and Defense

Overview

Croatia has been a member of NATO since 2009. Supported by economic growth, the country has started a modernization of its armed forces, with the largest funds being allocated for the air force. In 2019, the defense budget was \$1.045 billion or 1.7% of GDP. This represented a yearly increase of 10.1%. The defense budget growth was expected to continue in the upcoming years, however a possible economic downturn caused by the COVID-19 pandemic could jeopardize it.

The most developed and the largest part of the Croatian Army is the army. The Croatian Military had a total of 15,100 personnel in 2019: about half of personnel in the land army, 10% in the navy and 10% in the air force. This number is in line with the Long-Term Development Plan 2015-2024 of keeping the staff number around 15,000. The plan also defines personnel as the key asset and emphasizes importance of its training and education.

Most of the defense equipment in Croatia is imported from Western countries. However, there are also some advanced defense equipment manufacturing companies in Croatia, including [HS Product](#) (firearms manufacturer, over 90% of their handguns are exported to the United States), [Sestan-Busch](#) (ballistic protective gear), [DOK-ING](#) (demining equipment), etc. The annual production of the Croatian defense industry was around \$250 million in 2019, and it is expected to grow in the upcoming years with support of the [European Defense Fund](#). Croatian defense manufacturers are gathered in the [Croatian Defense Industry Competitiveness Cluster](#).

Opportunities

Modernization of outdated systems and platforms is planned in all segments of the Army, with the key projects being:

- Purchase of new or refurbished fighter jets (requests for proposal have been sent to the United States for new F-16, to Sweden for JAS-39 Gripen; to Israel, Greece and Norway for used F-16s, to France for used Dassault Rafales, and to Italy for used Eurofighters)
- Purchase of the UH-60M Sikorsky helicopters (the target is to have ten helicopters: two have been donated by the U.S. government, and two additional ones are being currently purchased by the Croatian government).
- Upgrade of the Bradley infantry fighting vehicles donated by the U.S. government.

In the naval segment, modernization plan includes navy radar capabilities and coast guard development.

Croatia also recognizes cybersecurity as the new segment of the defense sector. The country is developing warfare capabilities in cooperation with the EU and NATO partners.

Croatia is seeking investors to build a small ammunition factory in northern Croatia. The land has been secured and estimated investment is worth \$25 million. Croatian firearms manufacturer HS Product and Israeli company Elbit have been mentioned as potential investors so far. The project leader is the state-owned company [Agency Alan](#).

Resources

[Adriatic Sea Defense & Aerospace \(ASDA\)](#)

April 21-23, 2021, Split, Croatia

[Ministry of Defense](#)

[Croatian Defense Industry Competitiveness Cluster](#)

[U.S. Embassy - U.S. Commercial Service](#)

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Agricultural Sector

Croatia has 1.3 million hectares (ha) of agricultural land and about 2.2 million ha of forests. Croatia has favorable conditions for diverse farming, but is self-sufficient only in the production of wheat, corn, poultry, eggs, and wine.

In Croatia imports of agricultural and food products continue to grow. However, the persistent global economic crisis has somewhat dampened that growth.

The Croatian market for imported food products is dominated by European suppliers. Unrecorded transshipments from other EU suppliers likely makes U.S. imports higher than the amounts recorded in the official statistics. In the last few years flourishing tourism along the Dalmatian coast and rebounding consumer demand in urban areas has fueled demand for consumer foods as evidenced by the growth in the number of supermarkets. Price and credit availability are the major determinants for product sourcing.

U.S. products with good prospects include seafood, animal feed and feed ingredients, animal genetics, wine, pork, fruits and vegetables, pet food and a range of snack and convenience foods. Currently, for human consumption, only GMO-free products are acceptable in Croatia.

Agriculture and Related

	2017	2018	2019	2020 (Estimated)
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	3,040,257	3,390,749	3,287,213	3,200,000

	2017	2018	2019	2020 (Estimated)
Total Imports	3,604,219	3,986,469	4,215,668	4,000,000
Imports from the US	19,123	22,078	29,043	30,000
Total Market Size	n/a	n/a	n/a	n/a
Exchange Rates	6.62	6.28	6.62	6.70

USD thousands (*total market size = (total local production + imports) - exports*)

Consumer Oriented Products

	2017	2018	2019	2020 (Estimated)
Local Production	800,000	800,000	800,000	800,000
Exports	1,333,686	1,489,915	1,547,138	1,500,000
Imports	2,516,645	2,689,970	2,913,479	2,900,000
Imports from the US	18,111	21,407	27,022	30,000
Total Market Size	1,982,959	2,000,055	2,166,341	2,200,000

USD thousands (*total market size = (total local production + imports) - exports*)

Import / Export data source Trade Data Monitor (TDM)

Local production is unofficial estimate.

Fish Products

	2017	2018	2019	2020 (Estimated)
Local Production	185,000	185,000	185,000	185,000
Exports	209,460	239,282	235,967	235,000
Imports	157,087	180,083	199,733	200,000

Imports from the US	435	27	336	400
Total Market Size	132,627	125,801	148,766	150,000

USD thousands (*total market size = (total local production + imports) - exports*)

Import / Export data source Trade Data Monitor (TDM)

Local production is unofficial estimate.

Soybeans and Soybean Meal

	2017	2018	2019	2020 (Estimated)
Local Production	90,000	90,000	95,000	95,000
Exports	109,589	64,671	81,751	80,000
Imports	82,847	84,909	64,125	75,000
Imports from the US	0	0	0	0
Total Market Size	63,258	110,238	77,374	90,000

USD thousands (*total market size = (total local production + imports) - exports*)

Import / Export data source Trade Data Monitor (TDM)

Local production is unofficial estimate.

Resources

[Foreign Agricultural Service Zagreb](#)

[Foreign Agricultural Service](#)

[Ministry of Agriculture](#)

[Ministry of Health](#)

[Zagreb Fair](#)

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Customs, Regulations & Standards

Trade Barriers

While the Croatian market is relatively free of overt trade barriers, several realities of the market pose challenges for U.S. exporters to Croatia. Of primary concern is the lack of efficiency in the Croatian judicial system. With a multi-year case backlog, the prosecution of IPR infringements and resolution of commercial disputes is time-consuming and costly.

Companies have complained to the U.S. Commercial Service Croatia about discriminatory technical specifications in public procurement tenders. The complaints regard technical requirements that clearly favor one bidder through narrow specifications and thus prevent participation of other bidders. Companies have also complained that technical scoring gives unfair advantage on unimportant features. This is not barrier specific for U.S. companies, but rather all new companies that would like to enter the market. Government responses have been diverse: in some cases, they addressed the issue promptly, while in some there was no reaction at all.

Import Tariff

On July 1, 2013, Croatia joined the [EU single market](#) with common trade tariffs, policies and procedures. Once cleared by customs authorities in any EU member state, imported goods can move freely among EU member states without any additional customs procedure. The duties for importing a specific product into the EU, including Croatia, are found on the following websites:

- [European Commission Market Access Database/ EU Tariffs](#)
- [European Commission Taxation and Customs Union/ Business](#)

More detailed information on EU customs is available from the U.S. Commercial Service at the U.S. Mission to the EU in Brussels at <http://export.gov/europeanunion/>.

Import Requirements & Documentation

A Croatian importer is responsible for providing the required import documentation, which consists of common trade, transport, and customs documents, as well as certificates required for quality control and licenses where appropriate. The Single Administrative Document (SAD) that is used by European Union and most other countries is the key customs document in Croatia as well.

Labeling and Marking Requirements

The following labeling information must be in Croatian on the original package of products subject to quality control: name of the product; full address of the producer or full address of the importer; net quantity, weight, or volume; ingredients; usage and storage particulars; and any important warnings about the product for the consumer. Technically complicated products must include instructions for use, the manufacturer's specifications, a list of authorized maintenance offices, warranty, and other applicable data.

Every certified product must carry a [CE mark](#) indicating that the product has undergone appropriate testing and that it conforms to the provisions of the relevant regulations. Foreign labels, including the U.S. standard label, are not acceptable; stick-on labels that meet local requirements are allowed for products that contain a foreign label.

More detailed information on this topic is available from the [U.S. Commercial Service at the U.S. Mission to the EU in Brussels](#).

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, intended to discover possible violations of the EAR.

Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a [list of upcoming seminars and webinars](#).

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations).

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

Temporary Entry

Temporary entry of products into Croatia is regulated in accordance with the [Union Customs Code \(UCC\)](#) and international customs conventions. Croatia is a party to the Customs Convention on [ATA Carnet](#), an international

customs document which allows for temporary entry of goods on a duty-free and tax-free basis, whether shipped or hand-carried.

Typically, the following goods are eligible to qualify for Carnet entry:

- Commercial samples;
- Goods for international fairs and exhibitions, and
- Professional equipment (including tools and instruments, but not goods for processing or repair).

The carnet must be presented upon entry. Customs will stamp the carnet thereby validating it. Upon departure, the carnet must again be presented for validation, confirming that the product is being transported out of the country. Failure to re-export the goods results in application of the duties.

Prohibited & Restricted Imports

Information on this topic is available from the [U.S. Commercial Service at the U.S. Mission to the EU in Brussels](#).

Customs Regulations

Croatia is a member of the European Union (EU) and its customs regulations are in line with the EU directives. More detailed information on EU customs is available from the [U.S. Commercial Service at the U.S. Mission to the EU in Brussels](#). The Croatian Customs Service, a division of the Ministry of Finance, administers import duties and controls:

[Croatian Customs Service](#)

Alexandera von Humboldta 4

10000 Zagreb

Tel: +385 1 6211300; Fax +385 1 6211012

E-mail: ured-ravnatelj@carina.hr

Standards for Trade

Overview

The Croatian government has harmonized its technical standards legislation with EU Directives. To create an internal market where goods legally manufactured in one member state can be sold in the market of another member without any additional testing and certification, the EU is in a continuous process of harmonizing technical regulations, standards and conformity assessment procedures among the member states. Since the EU consists of independent states, the EU adopts Directives and publishes references to harmonized standards that each member state is required to transpose into its own legislation and national standards system. More detailed information on the EU standards and certification is available from the U.S. Commercial Service at the U.S. Mission to the EU in Brussels:

- [European Standards and Certification](#)
- [Doing Business in the EU](#)

Although the Croatian representative or importer is held directly responsible for product safety and for its conformity with Croatian technical regulations, the ultimate responsibility lies with the manufacturer.

Standards

[The Croatian Standards Institute \(HZN\)](#) is the public institution responsible for preparation, adoption, editing, and publication of Croatian standards. Any legal entity or natural person with a seat or residence in Croatia may be a member of the HZN and participate in its work. The members include interested Croatian manufacturers, testing and measuring laboratories and certification bodies, educational and scientific institutions, chambers of commerce, industry associations, consumer associations, and government institutions. Only 0.2% of Croatian standards are of purely Croatian origin; the rest of them are adopted European and/or international standards. HZN maintains an [on-line catalog](#) of Croatian and other standards that can be mailed to interested users for a fee. As per EU directives, the Croatian standards are voluntary.

[The Croatian Standards Institute \(HZN\)](#)

Mr. Igor Božičević, Director General
Ulica grada Vukovara 78
10000 Zagreb
Tel: +385 1 610 60 95
E-mail: ured.ravnatelj@hzn.hr
Testing, inspection and certification

The basic elements of the conformity assessment procedure in Croatia are defined by the Law on Technical Requirements for Products and Conformity Assessment published in Official Gazette No. 80/2013 and No14/2014. [The Croatian Accreditation Agency](#) is the public institution that confirms to Croatian private sector laboratories, companies and physical persons that they meet certain standards required to participate in the conformity assessment process, i.e. issues them a formal accreditation:

[Croatian Accreditation Agency \(HAA\)](#)

Ms. Ankica Barišić, Acting Director
Ulica grada Vukovara 78
10000 Zagreb, Croatia
Phone: +385 1 610 6322
Email : akreditacija@akreditacija.hr

As a part of creating the internal market, the EU has developed harmonized standards to be used for accreditation of third parties in the conformity assessment process in order to enable creation of an EU-wide network of equally technically capable laboratories and conformity assessment bodies whose certificates are valid throughout the EU. Each member state has designated conformity assessment bodies on its own territory that meet these standards and has notified them to the EU Commission that keeps the list of such Notified **Bodies**. **The list of the Croatian Notified Bodies is available [here](#).**

Publication of technical regulations

Technical regulations are published in the [Croatian Official Gazette](#), along with all other laws and regulations. Some technical laws and regulations have been translated into English, primarily for the needs of the EU accession process. The U.S. Commercial Service at the U.S. Embassy Zagreb can assist U.S. exporters to find out about the legislation relevant to their type of product and can also arrange for translation services, if necessary.

Contact Information

U.S. Embassy - U.S. Commercial Service

Damjan Bencic, Head of the Commercial Section
Zagreb, Croatia

Tel: +385 (0)1 661 2186

Email: Damjan.Bencic@trade.gov

Website: www.trade.gov/croatia

Trade Agreements

Croatia entered the EU on July 1, 2013, and is now subject to EU [Trade Agreements](#).

Licensing Requirements for Professional Services

Professional service providers such as lawyers, architects, or physicians are required to have a license from a Croatian institution responsible for their field of activity. In principle, service providers based in the European Union are free to provide their services in Croatia, but are nevertheless subject to prior approval/confirmation by Croatian institutions, based on the Croatian Law on Services (Official Gazette 80/11). For additional information, please e-mail the U.S. Commercial Service office at: office.zagreb@trade.gov.

Selling U.S. Products & Services

Distribution & Sales Channels

Overview

Croatia's distribution system is formalized by the Law on Trade which regulates the activities of wholesalers and retailers.

With over twenty percent of the nation's population and its central location, the capital city of Zagreb is the primary distribution center for the country. The port cities of Split and Rijeka are also important distribution points, and the eastern city of Osijek is the largest and most important distribution point in that region of the country. Croatia's geographic location, access to seaports, and well-developed road (but not rail) transportation system give the country distinct advantages as a regional distribution point, particularly to countries located within the geographic area of the former Yugoslavia.

There are an estimated 7,500 retail outlets in Croatia (including kiosks, small shops, and open markets). In recent years newly developed shopping centers (such as Importanne, King Cross, Kaptol Centar, Avenue Mall, City Centar One, West Gate, Garden Mall, and Arena Centar in Zagreb), modernized or newly-established domestic supermarket and retail chains (such as Konzum, Dinova-Diona, Prehrana, Plodine), and foreign chains (such as Bipa, DM, , Metro, Bauhaus, Kaufland, Lidl, and Interspar) have become dominant players in the marketplace.

Using an Agent or Distributor

Using a local agent/distributor is the most common and efficient market entry. In Croatia's competitive marketplace, it is essential that the U.S. exporter provide adequate servicing, spare parts, and components, as well as qualified personnel capable of handling service inquiries. In most cases, after-sales service should be available locally since potential delays often lead purchasers to seek alternative suppliers. Often funds for product marketing need to be provided by the U.S. company in order to ensure wide promotion and distribution of goods.

The U.S. Commercial Service has found that the most successful ventures by U.S. companies in Croatia are those where there has been thorough market research prior to engaging in a search for agents or distributors. U.S. exporters should carefully investigate the reputation and financial references of a potential agent or distributor and establish a clear agreement delineating the responsibilities of both the exporter and the agent. U.S. Commercial Service can help you in the market research through some of its services, including [International Partner Search](#) and [Gold Key Matchmaking Service](#).

For additional information, please e-mail the U.S. Commercial Service office at: office.zagreb@trade.gov.

Establishing an Office

An excellent first stop for information on establishing a Croatian company is the "[Hitro](#)" office, established by the Croatian government to assist citizens and businesses in communicating with government entities. The most common types of companies in Croatia include:

Limited Liability Company (d.o.o.)

Private limited liability companies are the most common type of company in Croatia. It is one in which one or more legal entities or natural persons invest in initial authorized stakes, with which they participate in the total authorized capital. Owners may be domestic or foreign legal entities and natural persons. Company assets are strictly separated from the personal property of the owners. The company is liable for its debts with all its assets. The initial authorized capital of a private limited company must be shown in Croatian currency – Kuna (HRK). The minimum amount of initial authorized capital is HRK 10 for the [Simple Limited Liability Company](#), and HRK 20,000 for a regular [Limited Liability Company](#). [eCompany website](#) enables company [registration](#) in only 24 hours.

Public Corporation (d.d.)

A public corporation company is based on capital, with owners (shareholders) investing in authorized capital divided into shares. The company is liable for its debts with all its assets. Shareholders are not liable for the debts of the company. The basic document for a public corporation is the articles of association, as it specifies the internal organization of the company. Authorized capital and shares must show par value in Croatian currency. The minimum amount of authorized capital is HRK 200,000. The Companies Act provides for a simultaneous and successive establishment of a public limited company. Company founders are the shareholders who have adopted the articles of association.

Branch Office

Under Croatian legislation, foreign companies and sole traders may conduct business in Croatia by [setting up a branch office](#). The start-up and operation of branch offices owned by foreign companies are governed by the same regulations that apply to the establishment of branches by domestic companies.

A branch office is not a legal entity. The liabilities and rights stemming from its operation do not belong to the branch office but to the founder. The founder legally holds all rights and obligations of branch offices. In case of a dispute with third parties, the branch is not a party to it, but the company or sole trader that owns the branch. The branch office operates under its own name. The name should indicate both the branch's and the founder's registered office. If the same founder intends to establish several branch offices, the establishment procedure is carried out separately for each branch.

Franchising

Franchising is a relatively new business concept in Croatia. There are between 120 and 150, mostly foreign, franchisors operating in the Croatian market. McDonald's has been present in Croatia since 1996 and has a total of 30 restaurants in 11 cities. The most recent U.S. franchises to enter the market include SIGNARAMA, RE/MAX, Kentucky Fried Chicken, Burger King, Subway and Domino's Pizza. Tourism and hospitality are considered to be the most promising sectors for franchise development. The typical prospective franchisee knows little about franchising and needs to be educated by the franchisor on how he/she could benefit from the concept. Numerous opportunities for advertising exist in the local daily press and specialized magazines.

Direct Marketing

Direct online marketing is popular in Croatia, while traditional direct marketing via phone is minimal. An average potential customer is unlikely to get more than a few phone calls or messages a year to his home or cell phone number made by companies to market their services or products. Currently, local banks, insurance and telecommunication services companies make such solicitations. Nevertheless, in 2017, [the Croatian Regulatory Authority for Network Industries \(HAKOM\)](#) introduced a possibility for telecom service consumers to opt-out from receiving direct marketing type of calls and messages by registering their phone number in the NE ZOVİ (Do Not Call) register.

Direct marketing by mail is quite common, and households receive such mail on a daily basis, typically from local supermarket chains, restaurants and personal services providers. Credit card companies regularly include in their bills special offerings of various consumer goods in partnership with other companies. Direct marketing by e-mail is currently the most common form.

Joint Ventures/Licensing

The Law on Companies regulates the establishment of joint-ventures, investment in companies with mixed ownership, as well as other types of foreign or domestic investment. This law, adopted in 1994, is very similar to the German Company Law. Establishment procedures require a Croatian lawyer, a notary public, and registration with the local Commercial Court.

There are no specific laws regulating licensing other than the Law on Obligations ("Commercial Code") which addresses contract law. The licensing contract should also cover intellectual property rights issues (trademark, model, patent or copyright), payments/royalties, the term of the contract, restrictions on using trademarks, etc. A Croatian lawyer should be consulted to ensure that provisions of the contract do not contravene Croatian law, making the agreement null and void.

Express Delivery

The most well-known express delivery firms present in Croatia include FedEx, DHL, UPS, Overseas Express, GLS and TNT. The usual time needed for shipping documents from/to the United States is five days. If customs procedures are required, at least one more day should be added, providing that all the necessary documents are enclosed in the shipment. Shipments valued less than \$20 need do not to be processed by customs. Croatia is part of the EU customs zone, and no customs procedures are needed for shipments from/to EU countries.

Due Diligence

Detailed due diligence using utmost caution and assistance from experienced and well-connected local professionals is strongly recommended. One of the standard programs of the U.S. Commercial Service is the [International Company Profile \(ICP\)](#), designed to assist U.S. companies to enter international business relationships with greater confidence by providing background information on a prospective business partner. For additional information, please e-mail the U.S. Commercial Service office at: office.zagreb@trade.gov.

eCommerce

E-commerce in Croatia has been growing since the country joined the EU in 2013. The COVID-19 pandemic has forced the increased use of e-commerce, and we expect this trend to continue as retailers have already developed e-commerce platforms and users are now familiar with the concept. Market research agencies estimate that the value of the e-commerce market in Croatia is \$536 million, and that Croatian retail chains generate approximately \$30 million in revenue through online transactions per year. The estimated annual growth rate of e-commerce in Croatia is 5.7%, with the forecasted market value of \$668 million by 2024. According to [Statista](#), the average revenue per user is \$192.

[eCommerce Croatia](#) conducted a [survey in 2020](#) and found that 61% of internet users have made online purchase at least once, while 36% of surveyed people purchase online on a monthly basis. 21% of buyers use credit cards to pay for their online orders. The most popular payment gateways are: WSpay (38%) T-Com (32%) and CorVus (22%). PayPal and other similar services are used by about 20% of buyers. A growing trend is the use of smart phone payment applications issued by banks. Market research in 2018 indicated that more than 97% of young people in Croatia access the internet through smartphones, and mobile phones are expected to be the most common device used for online purchases. Native advertising, ads integrated with the content and style of the web page, is increasingly popular. An estimated 70% of Croatian companies advertise by e-mail, while 80% of online retailers use Facebook as their advertising channel. Facebook is the most popular social media platform, followed by Instagram and LinkedIn. Twitter is popular among politicians and journalists. Snapchat and YouTube also have a lot of active, younger users, and the Chinese platform TikTok is quickly gaining popularity.

An estimated 40% of Croatian online shoppers order from stores outside of Croatia, mostly from China and the EU. The market's largest segment is media and electronics, with a market value of \$208 million in 2020. Online shoppers also buy clothing, shoes, fashion accessories and food. About 40% of Croatian online retailers serve exclusively the Croatian market, while another 40% are open to global markets. [The EU Digital Single Market Strategy](#) is gaining Croats a full access to all goods and services offered online by businesses in the EU. The Strategy further regulates payments, customer rights and privacy policy.

Amazon, eBay, and AliExpress are the most popular eCommerce platforms in Croatia. The largest local sites are [eKupi](#) (Croatian platform similar to Amazon), [Emmezeta](#) (furniture store) and [Konzum](#) (grocery store). [Mall](#), [Zuti klik](#)

and [Abrakadabra](#) are also popular eCommerce platforms, while the currently fastest growing online store is [PinkPanda](#) (cosmetics).

An estimated 33% of Croatian businesses are active in e-commerce, and retailers are increasing their use of new technologies and business models (such as voice-driven purchasing or requiring customer subscriptions to access certain products or services). According to the Digital Economy and Society Index (DESI) report for 2020, 21% of SMEs are selling online, above the EU average of 18%. This represents 11% of SME's turnover and 8% of SMEs selling cross-border. Online shopping is heavily promoted in the media.

Selling Factors & Techniques

Factors/techniques critical to success in Croatia are not different from most other countries: a product/service that offers value for the money, close and frequent contact with buyers, motivated and trained middlemen, aggressive market promotion, and, for technical products, a professional and customer friendly after-sales service network in place. Often, the ability to provide financing is also important.

New products entering the market require extensive market research and mass advertising to identify potential customers' buying patterns and preferences. This applies particularly to unknown brand names, as Croatians are very brand conscious.

Due to the size of the Croatian and neighboring markets, highly specialized products might be best marketed through a regional representative.

Trade Promotion & Advertising

Trade events and fairs are decreasing in popularity in Croatia. The largest fair venue in Croatia is the Zagreb Fair , that organizes a number of industry-focused or specialty exhibitions during the year in sectors such as consumer goods, food processing, environmental technology, medical equipment, pharmaceuticals, automobiles and automotive parts, information technology, textiles and apparel, wine, etc. For more information on these events, contact:

[Zagreb Fair](#)

Avenija Dubrovnik 15
10 020 Zagreb, Croatia
Tel: +385 1 6503111
Fax: +385 1 6520643
E-mail: zagvel@zv.hr

The U.S. Commercial Service can assist U.S. exporters to organize a tailored company or product presentation to a selected audience. The standard [Single Company Promotion](#) fee-based service includes room and equipment rental, invitation list preparation, invitation mailing, event organization and follow up. For additional information, please e-mail the U.S. Commercial Service office at: office.zagreb@trade.gov.

Trade Promotion and Advertising

While the number of publications is growing, television (which reaches 90% of the market) is the most important media in Croatia for advertising. Outdoor advertising is also growing. By distribution, about 60% of advertising expenditure goes to TV, 15% to newspapers, 10% to magazines, and 5% to outdoor billboards. Radio is experiencing growing interest, currently receiving about 10% of advertising expenditures.

Croatia has four state-owned and five private TV channels as well as five regional and six local channels; satellite and cable TV bring dozens of other channels into the market. The most advertised products are telecommunications, vehicles, financial institutions, beverages and newspapers. Croatian regulations prohibit television advertisement of tobacco, alcohol, and spirits.

The six national daily newspapers account for 60% of advertising expenditures for print periodicals.

More than 6,000 billboards populate Croatia. Prices range from \$140 per month to \$265 per two-week period depending on frequency and category. It is recommended that 150-200 billboards be used for a nationwide launch campaign.

Key TV stations include state-owned [Croatia Radio Television](#), and privately-owned [RTL](#) and [Nova TV](#). Key Internet service providers include [T-Com](#), [Iskon](#), [A1](#), and [Optima](#). There are many international advertising firms with offices in Croatia and a substantial number of Croatian advertising agencies. Public relations agencies are also available. Contact details are available from the U.S. Commercial Service.

Pricing

The level of prices in Croatia is generally high, even compared to prices of similar products/services in Western European countries and the United States, thus making imported products price competitive. The Croatian currency, the Kuna is tied to the Euro and the standard Value Added Tax (VAT) in Croatia is 25% (since 2016, there are also reduced rates of 13% and 5% for selected products and services).

Sales Service/Customer Support

In the Croatian consumer market, after-sales service is extremely important, especially in terms of providing technical and spare part services to prospective clients. Many Croatian consumers will base purchasing decisions on the prospective after-sales service for their products, especially in higher-end goods such as electronic equipment. Appointing a central distributor that stocks spare parts and provides maintenance and repair service is recommended for both existing brands and new brands breaking into the market. Foreign companies that bring strong customer support systems to the market will find themselves with a competitive edge.

Local Professional Services

Croatia offers a wide variety of high-quality professional services, including freight-forwarders, laboratories for technical/medical/sanitary testing, translators, lawyers, public relation agencies, lobbyists, etc. Most of the key international tax and accounting companies and advertising agencies also have offices in Croatia. For additional information, please e-mail the U.S. Commercial Service office at: office.zagreb@trade.gov.

Principal Business Associations

The key U.S. business association in Croatia is the very active and well-organized [American Chamber of Commerce](#). It has a total of over 250 members, of which about 80 are U.S. companies and the rest are Croatian or international companies and non-profit associations. Most of the U.S. companies present in Croatia are AmCham members. AmCham Croatia is an accredited affiliate of the U.S. Chamber of Commerce in Washington and the AmChams in Europe (ACE) network.

The key Croatian business associations are the – [Croatian Employers Association](#) (a private association of about 6,000 prominent Croatian companies) and the [Croatian Chamber of Economy](#) (membership is mandatory for all companies registered in Croatia).

Limitations on Selling US Products and Services

Any company registered in Croatia is considered a Croatian legal entity, which has no limits to own assets or sell in Croatia. We are not aware of any restrictions on foreign ownership of companies in Croatia.

Trade Financing

Methods of Payment

Croatian importers utilize most of the standard payment methods available in international trade. American exporters should offer quotations based on the FOB (Free on Board) value at the port of export. As a general rule, such quotations should also include a statement of the actual charges for freight and insurance plus any additional charges to the port of delivery. Quotations are usually in terms of the currency of the country of origin. The terms of payment for imported goods vary according to the type of buyer and the buyer's access to capital. Large organizations such as the government or energy companies tend to transact business on a sight-draft basis, while small companies tend to operate on documents against acceptable terms. Payment between 80 and 120 days after acceptance is most common, but terms may vary between 30 and 180 days. For larger orders of capital equipment, longer terms are often required. It is advisable to ship on a letter of credit, sight letter of credit, or 30-day letter of credit basis that the importer can use as a negotiating instrument to expedite the payment transfer. The payment transfer can be affected within 24 to 48 hours after the importer presents a valid import permit and proper documents to his or her bank. Collection agencies are often used by banks, telecoms, and other large companies to collect outstanding debts. The number of collection agencies has grown significantly in the past four years, and the [Croatian Association of Collection Agencies](#) includes some of the largest agencies in Croatia. Visa, Mastercard and Diners are the most popular credit cards.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at www.trade.gov/trade-finance-guide-quick-reference-us-exporters.

Banking Systems

Banking is considered to be one of the strongest sectors of the Croatian economy, primarily thanks to efficient regulation and relatively disciplined borrowers.

During the economic crisis of 2008, the banking sector played an important role in maintaining stability and later recovery. The banking is again expected to support the local economy in the post-COVID-19 recovery. [The Croatian Central Bank](#) is undertaking measures to mitigate the economic consequences caused by the pandemic. Some of the measures include sale of Euro currency to maintain a stable exchange rate, and reducing the reserve requirement from 12% to 9% to increase liquidity. The most recent list of measures is available on [the Central Bank's website](#).

The Croatian banking sector includes twenty banks and three home saving banks with predominately foreign ownership (90.2%). Eleven of the foreign-owned banks are owned by shareholders from the European Union. In addition to the domestic banking institutions, almost 150 institutions from the European Union provide some services in Croatia.

The Croatian banking system is comparable to other Central and Eastern European countries. Croatia's total capital ratio is above the European Union average, and it should make the banking system relatively stable and recession resistant. However, interest rates are high and there is a high proportion of foreign-currency denominated loans in Croatia as compared to the Eurozone. The Croatian National Bank has addressed this issue in the past by increasing deposit requirements and encouraging banks to make loans in the local currency.

The [Croatian National Bank \(CNB\)](#) is the independent regulator established in 1990. Its primary objective is to maintain price stability and the stability of the financial system as a whole, by means of monetary and exchange rate policies, issuing money, and maintaining national monetary reserves. The CNB also regulates and supervises credit institutions, issues and revokes their licenses, and manages the interbank Real Time Gross Settlement System. The instruments of monetary policy at the CNB's disposal are market operations (repo and reverse repo auctions), intra-day and overnight Lombard loans, the mandatory reserve requirement, CNB bills auctions and short-term liquidity loans. In order to manage the exchange rate, the CNB uses daily auctions and the minimum mandatory FX requirement. The CNB participates in the European Union project Single Euro Payments Area – SEPA, with the aim to create a single market for payment services to enable citizens, business entities and public authorities to make cashless euro payment transactions under the same basic conditions, rights and obligations, regardless of their location.

The CNB became an integral part of the European System of Central Banks (ESCB) on July 1, 2013 with Croatian accession to the European Union. In 2018, Croatia met the Maastricht requirements and on July 10, 2020 it was

[admitted to the Euro Rate Mechanism II](#). The exchange rate of the Croatian kuna is now set at 1 euro = 7.53450 kuna. Croatia has to be at in ERM II for least two years in order to implement the Euro as the official currency.

The interests of the banking sector are represented by the [Croatian Banking Association \(HUB\)](#) and [the Banking Association within the Croatian Chamber of Economy \(HGK\)](#). More information on the Croatian banking sector and individual banks can be found at [Banks Bulletin](#).

Foreign Exchange Controls

The Croatian National Bank intervenes in the market from time-to-time to ensure stability of the currency and maintain a crawling peg to the Euro. There are no administrative foreign exchange controls.

US Banks & Local Correspondent Banks

There are currently no U.S. banks operating in Croatia. U.S. private equity investor Advent International Corporation with the European Bank for Reconstruction and Development acquired over 50% of Hypo Alpe Adria Bank in 2015 (its banks in Slovenia, Croatia, Serbia, Bosnia-Herzegovina and Montenegro are now operating as Addiko Bank). A list of all licensed banks and representative offices is available at this [link](#).

Protecting Intellectual Property

In March 2004, the Croatian Parliament ratified a comprehensive bilateral Memorandum of Understanding between the United States and Croatia on the Protection of Intellectual Property Rights. In general, intellectual property is well-protected in Croatia and there are several highly capable local law offices specialized in IPR protection available to U.S. exporters. For contact details, please e-mail the U.S. Commercial Service office at: office.zagreb@trade.gov.

The following is the contact information for the Croatian IPR institution:

[State Intellectual Property Office](#)

Ms. Ljiljana Kuterovac
Managing Director
Ulica grada Vukovara 78
10000 Zagreb, Croatia
Phone: 385/1/610-6100
E-mail: kabinetravnateljja@dziv.hr

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources

IP Attaché Contact for European Union, European Commission, and Turkey:

Ms. Susan F. Wilson
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Brussels, Belgium
Telephone: +32 2-811-5308
E-mail: Susan.Wilson@trade.gov

Selling to the Public Sector

Selling to the Government

As an EU member, Croatia is part of the [WTO Government Procurement Agreement](#). The new Croatian Public Procurement Law entered into force in December 2016. The Law is based on the latest EU procurement directives and provides for the most economically advantageous tender ("MEAT") as the sole award criterion. The Law applies to all purchases made by government bodies including those of the local government and majority state-owned companies and institutions. These institutions (which include some of the key utility and transportation companies, most hospitals, schools, some banks and insurance companies) are obliged by law to perform most of their procurement by public tender.

These tenders are announced in the online [Electronic Public Tender Advertisement](#). This is the official venue for publishing public tenders in Croatia. While the website is available only in the Croatian language, translate option in the Google Chrome browser allows foreigners to understand the announced tenders. Additional online source of tender documentation is the [TED \(Tenders Electronic Daily\)](#), EU website dedicated to all European tender announcements, available in all official EU languages, including English.

The tenders require bids to be submitted in the Croatian language. Therefore, using a local partner (or at least a translator) is essential. The U.S. Commercial Service in Zagreb can help U.S. exporters find a reliable local partner.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

Financing of Projects

Major projects in Croatia are often financed by European Union Funds and Multilateral Development Banks.

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- Commercial Liaison Office to the [European Bank for Reconstruction and Development](#)
- Commercial Liaison Office to the [World Bank](#)

Croatian Bank for Reconstruction and Development (HBOR)

The HBOR is the development and export bank of the Croatian government. It was established with the objective of financing the reconstruction and development of the Croatian Economy.

[Croatian Bank for Reconstruction and Development](#)

Strossmayerov trg 9
10000 Zagreb, Croatia

Tel: +385 1 4591666

Fax: +385 1 459 721

European Bank for Reconstruction and Development (EBRD)

The EBRD is the largest single investor in the region and mobilizes significant foreign direct investment beyond its own financing. It is owned by 66 countries and two intergovernmental institutions. But despite its public sector shareholders, it invests mainly in private enterprises, usually together with commercial partners.

It provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned companies, to support privatization, restructuring state-owned firms and improvement of municipal services. The Bank uses its close relationship with governments in the region to promote policies that will bolster the business environment.

[European Bank for Reconstruction and Development](#)

Miramarska 23, 3rd Floor

10000 Zagreb, Croatia

Tel: +385 1 6000310

Fax: +385 1 6197218

Board Director: György Barcza

Head of Office: Ms. Victoria Zinchuk

European Investment Bank (EIB)

The EIB is the European Union's bank owned by European Union Member States. As the largest multilateral borrower and lender by volume, EIB provides finance and expertise for sound and sustainable investment projects which contribute to the furthering EU policy objectives. The bank generally finances one-third of each project, but it can finance as much as 50%. More than 90% of EIB's activity is focused on Europe, but the bank also implements the financial aspects of the EU's external and development policies.

The EIB Group consists of the European Investment Bank and the European Investment Fund (EIF). The EIF focuses on innovative financing for SMEs. The EIB is the majority shareholder with the remaining equity held by the European Union and other European private and public bodies.

[European Investment Bank](#)

Hektorovićeve 2,

10000 Zagreb, Croatia

Tel: +385 1 6448208

Fax: +385 1 6441400

Head of Office: Mr. Anton Kovačev

The World Bank

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the common sense. It is made up of two unique development institutions owned by 185 member countries—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

Each institution plays a different but collaborative role to advance the vision of inclusive and sustainable globalization. The IBRD focuses on middle income and credit-worthy poor countries, while IDA focuses on the poorest countries in the world. Together the Bank provides low-interest loans, interest-free credits and grants to developing countries for

a wide array of purposes that include investments in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management.

[World Bank](#) - Croatia
Radnička cesta 80/IX
10 000 Zagreb, Croatia
Tel: +385 1 2357230
Fax: +385 1 2357200

Export-Import Bank

This is an independent U.S. Government agency that helps finance the overseas sales of U.S. goods and services. In almost 70 years, the Ex-Im Bank has supported more than \$400 billion in U.S. exports.

The Ex-Im Bank's mission is to create jobs through exports. It provides guarantees of working capital loans for U.S. exporters, guarantees the repayment of loans or makes loans to foreign purchasers of U.S. goods and services. The Ex-Im Bank also provides credit insurance that protects U.S. exporters against the risks of non-payment by foreign buyers for political or commercial reasons. The Ex-Im Bank does not compete with commercial lenders, but assumes the risks they cannot accept. It must always conclude that there is reasonable assurance of repayment on every transaction financed.

To qualify for Ex-Im Bank support, the product or service must have significant U.S. content and must not affect the U.S. economy adversely. The Ex-Im Bank supports the sale of U.S. exports worldwide, and will support the financing of the export of any type of good or service, including commodities, as long as they are not military-related. For more information, please visit www.exim.gov.

Business Travel

Business Customs

Business customs in Croatia are generally similar to those in the United States. Businesspeople tend to dress conservatively, particularly in the banking sector and the government institutions. However, the level of formality for business attire in many companies tends to decrease to business casual and smart casual, especially in the information technology sectors. Appointments should be made in advance of a business visit.

Business cards are usually simple, including only the basics such as company logo, name, business title, address, telephone number, fax number, e-mail, and web-address.

Most Croatian executives speak English and many young managers are fluent in it. Computer usage among Croatian companies is extensive and most of them utilize e-mail and Internet and have their own websites.

As is true in other European countries, summer holidays stretch throughout July and August and it is frequently difficult to reach company management during this period.

Travel Advisory

For the latest Consular Information Sheet and travel advisory on Croatia, including COVID-19 information, please visit this [link](#).

For general information on international travel, please visit the [main website](#).

Visa Requirements

ENTRY / EXIT REQUIREMENTS: A passport is required for travel to Croatia. A visa is not required for U.S. passport holders for tourist or business trips of fewer than 90 days within a six-month period. All foreign citizens must register with the local police within 24 hours of arrival, as well as inform the local police of any change in their address. Registration of foreign visitors staying in hotels or accommodations rented through an accommodation company is done automatically by the hotelier or accommodation company; in such case, no trip to the police station is necessary. Failure to register is a misdemeanor offense; some Americans have been fined for failing to register.

U.S. citizens already in Croatia who wish to remain in Croatia for more than 90 days must obtain a temporary residence permit. In order to adjust their status and apply for a temporary residence permit, U.S. citizens should speak with the foreigner section of the local police department in the jurisdiction where they intend to reside temporarily.

For further information on entry requirements for Croatia, including information regarding requirements for residency and work permits, travelers should [contact the Embassy of the Republic of Croatia in the United States](#) or the Croatian Ministry of Internal Affairs' Office for Foreigners, tel. +385 (1) 456-3111. Further information is available at the [Ministry of the Interior](#) and the [Ministry of Foreign Affairs](#).

In support of a residency application, applicants will need to provide a copy of their birth certificate and, if applicable, marriage license and divorce certificate, obtained no more than 90 days before application. They may also be asked to provide their [FBI Identity History Summary Checks](#). All documents should be translated into Croatian and have an "apostille" stamp certifying their authenticity. Information on apostilles and authentication of documents is available [here](#).

If an extension of an approved temporary stay is needed, U.S. citizens should submit a request to the local police having jurisdiction over their place of residence in Croatia no later than 30 days in advance of the last day of authorized stay.

***Note:** Although Croatia became a member of the European Union (EU) on July 1, 2013, note that it is not yet a member of the Schengen area, and a passport is required for travel between Croatia and other European Union*

member states. For further details about travel into and within Schengen countries, please see the State Department's Schengen Fact Sheet.

U.S. companies that require travel of foreign businesspersons to the United States should refer to the following links:

State Department Visa Website: <https://travel.state.gov/content/visas/en.html>

Consular information can be found on the U.S. Embassy's Zagreb website: <http://hr.usembassy.gov/>

Currency

Croatian currency is the Kuna (HRK). The average exchange rate in 2019 was 6.62 HRK for 1.00 USD. The Croatian National Bank maintains a policy of fixing the exchange rate of the Kuna with the Euro within a narrow band.

Telecommunications/Electric

Croatia has a developed telecommunications network (including fixed line, wireless, satellite and cellular technology). Fixed-line operators include T-Com, Optima Telecom, Iskon internet, A1, and Metronet.

Cellular services are provided by licensed cellular operators: T-Mobile, A1, Bonbon, Tomato and Tele2. Croatia operates 3G, 4G and GSM networks. 5G network is still in development and testing phase.

To telephone internationally from Croatia, local direct access numbers of major telephone calling services are:

- AT&T 0-800-220-111
- MCI 0-800-220-112
- SPRINT 0-800-220-113

Transportation

There are five major airports in Croatia. The country's largest, Zagreb International Airport Franjo Tudjman, has service to most European capitals. Besides the national carrier, Croatia Airlines, Zagreb is serviced by [26 additional airlines](#), including Air Canada Rouge, Air France, Air Serbia, Austrian Airlines, , British Airways, Lufthansa and Turkish Airlines.

International flights also service Dubrovnik, Split, Osijek, Rijeka, Pula, Bol, and Zadar airports. Croatia Airlines operates internal flights -- Zagreb-Split, Zagreb-Zadar, Zagreb-Pula and Zagreb-Dubrovnik, Zagreb-Rijeka, Zagreb-Osijek, and Osijek-Dubrovnik. One can also travel within Croatia by rental car, bus, or railway (the latter is not recommended due to poor service).

In Zagreb, there is a comprehensive tram/bus transport system which makes all parts of the city accessible. There is also Croatia Airlines bus driving from the airport to the Zagreb's main bus station (with approx. ten stops in between) at a cost of 30.00 Kn (approx. \$4.53) and is gratis for children under 6 years. Taxis are more expensive and can be obtained at a taxi stand, or by calling to one of five different taxi companies (used current \$ exchange rate):

[Radio Taxi Zagreb](#)

Online orders only: <https://radiotaxizagreb.com/en/>

Phone: +385-1-1777 or 060-800-800

Starting price: 10.00 Kn (approx. \$1.51)

Price per kilometer: 6.00 Kn (approx. \$0.91)

Price from the center to the airport (approx. 15 km): 100,00 Kn (approx. \$15.11)

[Cameo taxi](#)

Online orders only: <https://cammeo.hr/en/cities/zagreb>

Phone: +385-1-1212

Starting price: 5.00 Kn (approx. \$0.76)

Price per kilometer: 3.00 Kn (approx. \$0.45)
Price per 1 minute spent in the vehicle: 1.00 Kn (approx. \$0.15)
Price from the center to the airport (approx. 15 km): from 70,00 Kn (approx. \$10.57)

[Eko taxi](#) (cars emitting more than 50 % less CO2 than other conventional cars)

Online orders only: <https://www.ekotaxi.hr/en>

Phone: +385-1-1414

Starting price: 4.00 Kn (approx. \$0.60) standard vehicle and 12.00 Kn (approx. \$1.81) for van.

Price per kilometer: 4.20 Kn (approx. \$0.63) standard vehicle and 8.00 Kn (approx. \$1.21) for van.

Price per 1 minute spent in the vehicle: 1.00 Kn (approx. \$0.15) only for standard vehicles

Price from the city center to the airport (approx. 15 km): 85.00-100.00 Kn (from \$12.84 to \$15.11)

[Uber](#) (orders accepted only through application)

Online orders only: <https://www.uber.com/hr/en/>

Starting price: 6.00 Kn (approx. \$0.91), comfort vehicle 7.00 Kn (approx. \$1.06)

Price per kilometer UberX: 3.60 Kn (approx. \$0.59), comfort vehicle 4.50 Kn (approx. \$0.68)

Price per minute of drive UberX: 0.60 Kn (approx. \$0.09), comfort vehicle 0.70 Kn (approx. \$0.11)

Price from the city center to the airport (flat rate UberX): 70.00-95.00 Kn (approx. \$10.57-\$14.35). Kids car seat available per selection in application.

[Bolt](#) (formerly *Taxify*) (orders accepted only through application)

Online orders only: <https://bolt.eu/>

Starting price: standard vehicle 6.00 Kn (approx. \$0.91), comfort vehicle 7.00 Kn (approx. \$1.06)

Price per kilometer: standard vehicle 3.60 Kn (approx. \$0.59), comfort vehicle 4.50 Kn (approx. \$0.68)

Price per minute of drive: 0.60 Kn (approx. \$0.09), comfort vehicle 0.70 Kn (approx. \$0.11)

Price from the city center to the airport (flat rate): 70.00-95.00 Kn (approx. \$10.57-\$14.35).

Language

Many businesspeople in Croatia speak foreign languages, mostly English, German, and Italian (along the coast). When necessary, a translator can be hired at the Croatian Translators Society – phone: +385 1 4847565.

Health

Health facilities in Croatia, although generally of Western caliber, are under severe budgetary strain and shortage of medical staff. Some medicines are in short supply in public hospitals and clinics. Adequate medical care that meets most international standards is available in major cities. The number of private medical and dental practitioners is substantial, and private pharmacies stock a variety of medicines not readily available through public health facilities. Croatian health care facilities, doctors and hospitals usually expect immediate payment for health services and generally accept cash and credit cards. Upfront payment by cash, up to the total of all anticipated charges, is generally required by hospitals catering to foreigners prior to services or treatment. Upfront payment of other than a modest deposit may be waived by hospitals that have existing cashless agreements with at least some major international insurance providers. Public hospitals may provide some services free to those with an E.U. health card. Tick-borne encephalitis, a disease preventable with a three-shot vaccination series, is found throughout inland Croatia but is not prevalent along the coast. Travelers to Croatia may obtain a list of English-speaking physicians and dentists at [the Embassy's web site](#) or by calling: + 385 (1) 661-2376 during working hours. The single European emergency phone number 112 is also active in Croatia for all kinds of emergencies. Number 194 is active for a public ambulance, anywhere in the country. Ambulance service is effective; however, response times may be longer to more isolated areas. Highly specialized cases or complex emergencies will require evacuation. Western Europe is a frequent destination.

Local Time, Business Hours and Holidays

Croatia time is Greenwich Mean Time plus one hour. Said differently, if it is 8 a.m. in New York, it is 2 p.m. in Zagreb, Croatia.

Working hours start at 8 am and end at 4:30 or 5 pm. Most shops open at 8 a.m. and close at 8 p.m. On Saturdays, most stores close at 2:30 p.m. in the center of the city, and with few exceptions, stores are closed on Sundays and holidays. Outside of the city there are several shopping malls/centers open every day from Monday to Sunday from 08:00 a.m. to 09:00 p.m.

- June 22, 2020 (Monday) Anti-Fascism Day
- August 5, 2020 (Wednesday) Victory and Homeland Gratitude Day
- August 15, 2020 (Saturday) Assumption Day
- November 1, 2020 (Sunday) All Saints Day
- November 18, 2020 (Wednesday) Memorial Day
- December 25, 2020 (Friday) Christmas Day
- December 26, 2020 (Saturday) St. Stephen's Day
- January 1, 2021 (Friday) New Year's Day
- January 6, 2021 (Wednesday) Epiphany
- April 4, 2021 (Sunday) Easter Day
- April 5, 2021 (Monday) Easter Monday
- May 1, 2021 (Saturday) Labor Day
- May 30, 2021 (Sunday) Statehood Day
- June 11, 2021 (Friday) Corpus Christi Day

The following holidays may be observed by Croatian citizens of a particular religion: Orthodox Christmas (Orthodox), Ramadan (Muslim), Yom Kippur and Rosh Hashanah (Jewish).

Temporary Entry of Materials or Personal Belongings

Croatia accepts the ATA carnet, which covers virtually all goods. Please see: [ATAcarnet](#).

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements (<https://www.state.gov/reports/2019-investment-climate-statements/croatia/>), prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State website at <https://www.state.gov/countries-areas/croatia/>.