INVEST IN CROATIA

May, 2012

About Croatia (1)

CROATIA - GENERAL INFORMATION	
Land area:	56,542 sq km
Capital:	Zagreb
Population:	4,4 million
Climate:	Mediterranean and continental
Political system:	Parliamentary democracy
Official language:	Croatian
Domestic currency:	Kuna (HRK)

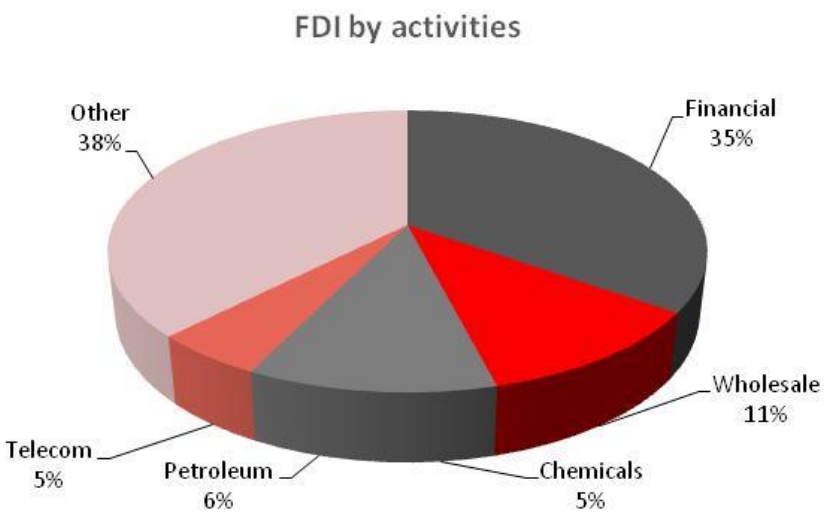
About Croatia (2)

	2007	2008	2009	2010	2011 (estimates)
GDP (bl $, current prices)	57	63	60	59	60
GDP Growth rates (constant prices) %	5.1	2.2	-6.0	-1.2	0.2
GDP per capita, current prices ($)	12,900	14,200	13,600	13,700	13,800
Export of goods ($ bl)	24.2	26.2	21.4	23.3	-
Import of goods ($ bl)	28.4	31.4	23.6	23.5	-
Unemployment rate (ILO) %	9.6	8.4	9.1	11.7	12.2
Inflation (Year Average) %	2.9	6.1	2.4	1.1	-

Source: CNB

Foreign Direct Investments

FDI – 32.57 billion $ (1993-IIQ2011)



Source: CNB

Country	% of FDI
Austria	25.3
Netherlands	15.0
Germany	12.1
Hungary	9.4
Luxemburg	5.6

Source: CNB

Success Stories

Applied Ceramics®

YAZAKI

IBM®

ERICSSON
TAKING YOU FORWARD

OMV

SOCIETE GENERALE

ORACLE
CROATIA

RZB

hp
invent

Microsoft®
poslovno tehnološki centar
business technology centre

SAP

BOXMARK
World Leather

TONDACH
GLEINSTÄTTEN

SEMMELROCK
STEIN+DESIGN

BHS
CORRUGATED

idc

CISCO SYSTEMS

SIEMENS

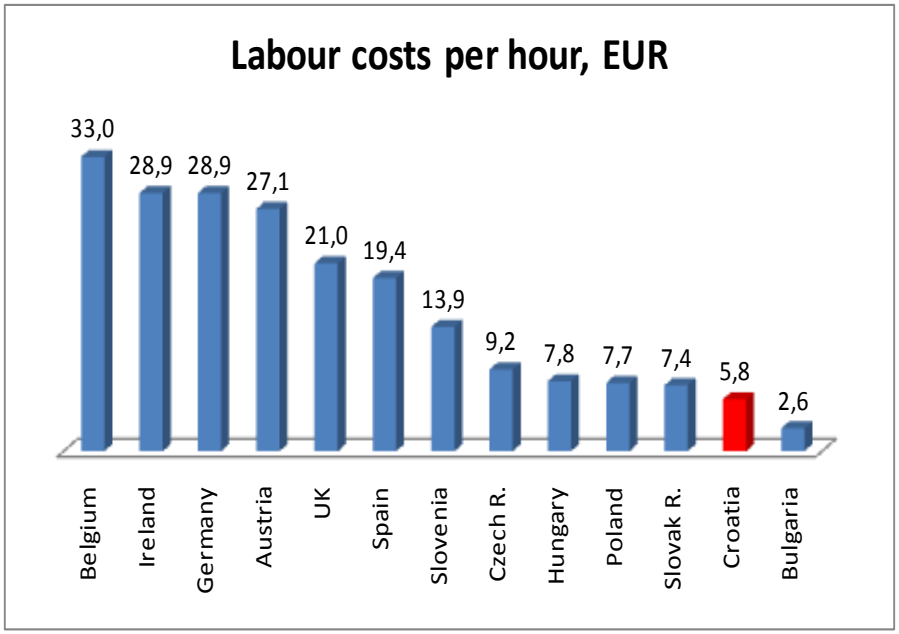
Average Gross Salary

Area	Average gross salary, 12/2011 ($)
Croatia	1,387.15

Source: Croatian Bureau of Statistics, 2012

„The quality of Croatian experts is well known – their knowledge, innovative spirit, ethusiasam and dedication to excellence in all business processes have been incorporated in our activities and initiative that started as a local idea and have become global products, or business models."

Quote: M.Sc. Gordana Kovacevic, President of Ericsson Nikola Tesla



Source: Trade and Investment Promotion Agency

Reasons to Invest in Croatia (1)

- process of harmonization with EU legislative
- negotiations ended with EU 2011
- accession: July 1, 2013

- Croatia became a full member of NATO
- in April 2009

- Croatia is a non-permanent member of UN Security Council since Januray 1, 2012

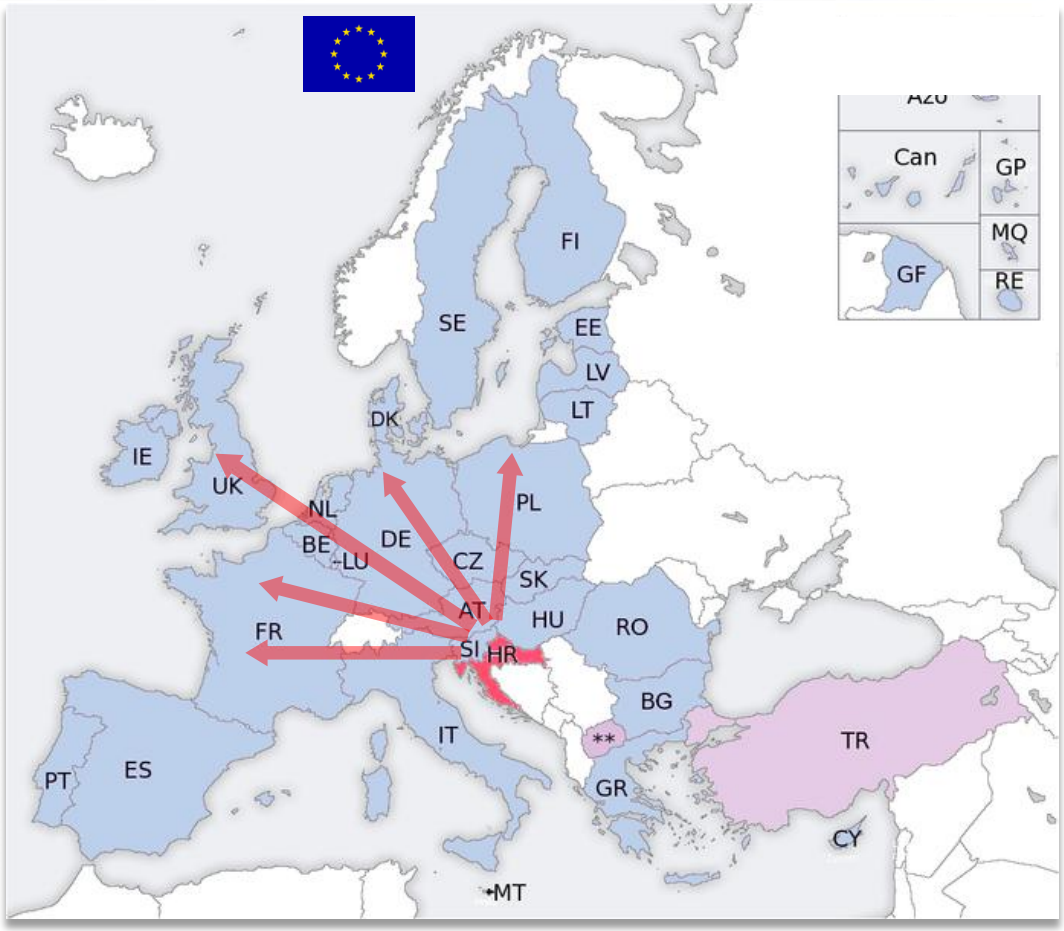
Reasons to Invest in Croatia (2)

Access to EU market of **500 milion people**

Trade agreement signed with EU since February 1, 2005 (0% customs duties)

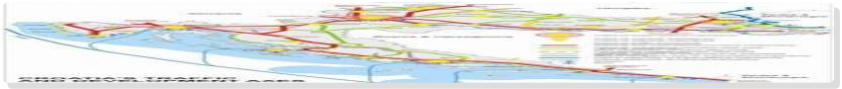
Any company set up in Croatia has equal treatment regardless of the ownership structure

Free repatriation of profit



Reasons to Invest in Croatia (3)

Most modern transport infrastructure in the region



Three Pan-European corridors cross the territory of Croatia thus enabling rapid market approach

Reasons to Invest in Croatia (4)

Destination	days
Rotterdam	30
Hamburg	32
Giola Tauro	26
RIJEKA	**25**

Shipping time in days from Sea Ports in China to Europe

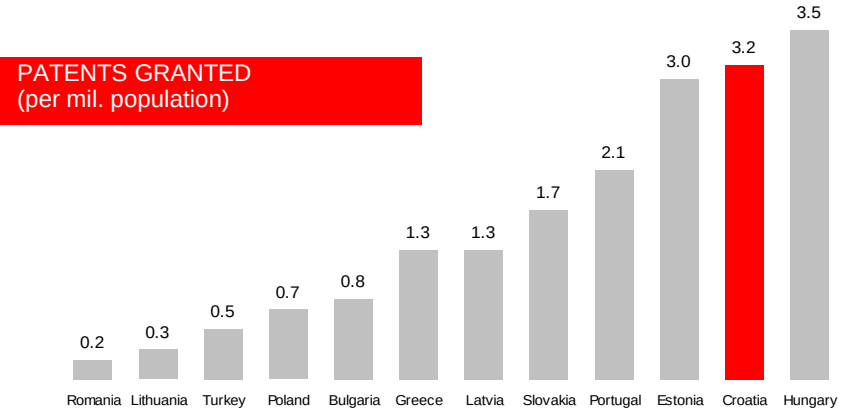
- Number of quality sea ports: Port of Rijeka, Sibenik, Split, Ploce
- **From Croatia to European capitals with railway or freeway**

Reasons to Invest in Croatia (5)

Multilingualism: Croatia has a high percentage foreign language speaking population

Network of educational institutions

Innovative people



Reasons to Invest in Croatia (6)

Quality of Life

- A pleasant, exciting, safe and motivating living environment
- Excellent health care institutions (public and private)
- Excellent foreign language schools (including Croatian courses for foreigners)
- Numerous housing offers
- High quality child care and educational institutions.

Investment Incentives

Investment Promotion Act

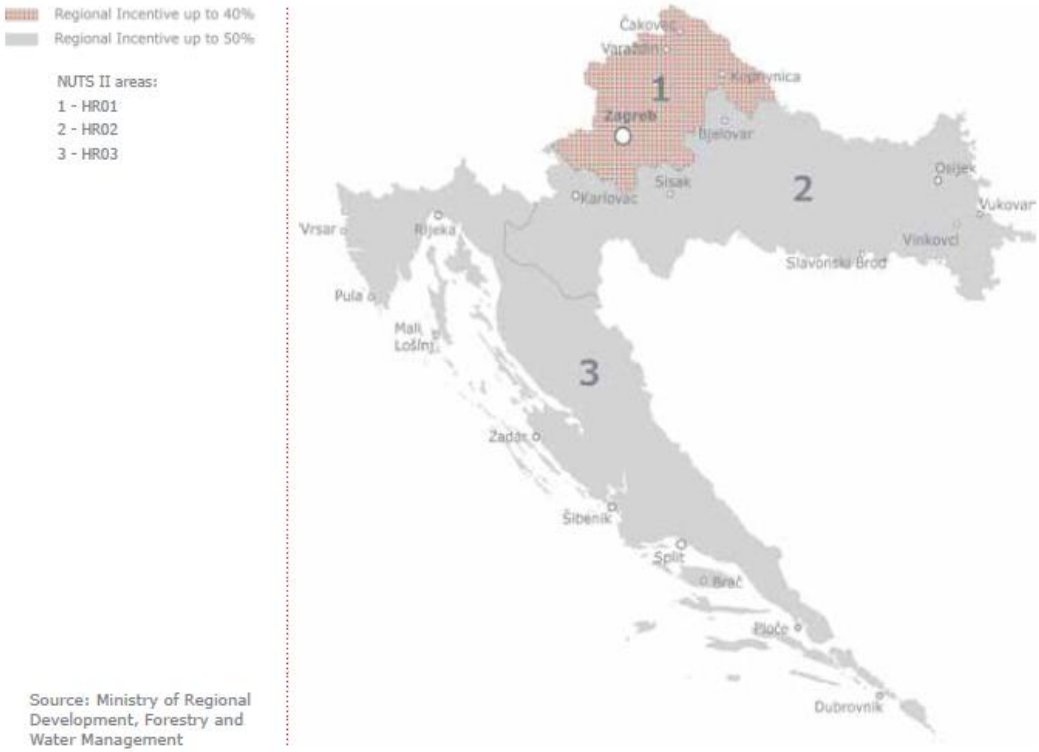
Sectors promoted:
- manufacturing sector activities;
- technology centers;
- strategic business support services

Eligible investment costs:

- Equipment and machinery
- Intangible assets: patent rights, licenses, know-how
- 2 years gross salaries

From 40% to 70% of investment back!

Regional Aid Map:



Investment Incentives

Tax incentives for production and processing activities

Investment amount ($ mil.)	Number of newly employed	Period (years)	Period of employment (years)	Corporate income tax rate
0,4 – 2	10	10	3	10%
2 – 5,3	30	10	3	7%
5,3 – 10,5	50	10	3	3%
More than 10,5	75	10	3	0%

Tax incentives for technology innovation activities and strategic support services (e.g. call center, joint financial and customer services or logistics and distribution centers)

Investment amount ($ mil.)	Number of newly employed	Number of newly employed	Period of employment (years)	Corporate income tax rate
0,13 – 2	5	5	3	10%
2 – 5,3	15	15	3	7%
5,3 – 10,5	25	25	3	3%
More than 10,5	50	50	3	0%

- *Corporate income tax rate in Croatia: 20%*
- 0% customs duties for import of equipment

Investment Incentives

Employment incentives

Unemployment rate	Incentives (%)	Incentives for manufacturing and processing activities (max. per employee)	Incentives for business support activities (max. per employee)	Incentives for activities of technology development and innovations (max. per employee)
<10%	Up to 10% of justified costs	Up to $ 2,000	Up to $ 2,500	Up to $ 3,000
10 – 20%	Up to 15% of justified costs	Up to $ 2,600	Up to $ 3,300	Up to $ 4,000
Above 20%	Up to 20% of justified costs	Up to $ 4,000	Up to $ 5,000	Up to $ 6,000

Educational incentives

Type of education	Large enterprizes	SMEs
General education	60% of justified costs	80% of justified costs
Specialized training	35% of justified costs	45% of justified costs

Investment incentives calculator at: www.investincroatia.org

Investment Incentives Calculation

Investment Type		Manufacturing sector activities
STANDARD BASE - MATERIAL ASSETS	Real estate/buildings	100.000,00 USD
	Machinery and equipment	900.000,00 USD
NON MATERIAL ASSETS	Value of non material investments	500.000,00 USD
EMPLOYMENT	The sum of gross wages of all newly employed workers in the period of first two years	500.000,00 USD
Total investment costs		**2.000.000,00 USD**
County name		Vukovar County
Company size		**Small sized entrepreneur**
Planned number of new workplaces		20
Costs of general training		0,00 USD
Costs of specific training		0,00 USD

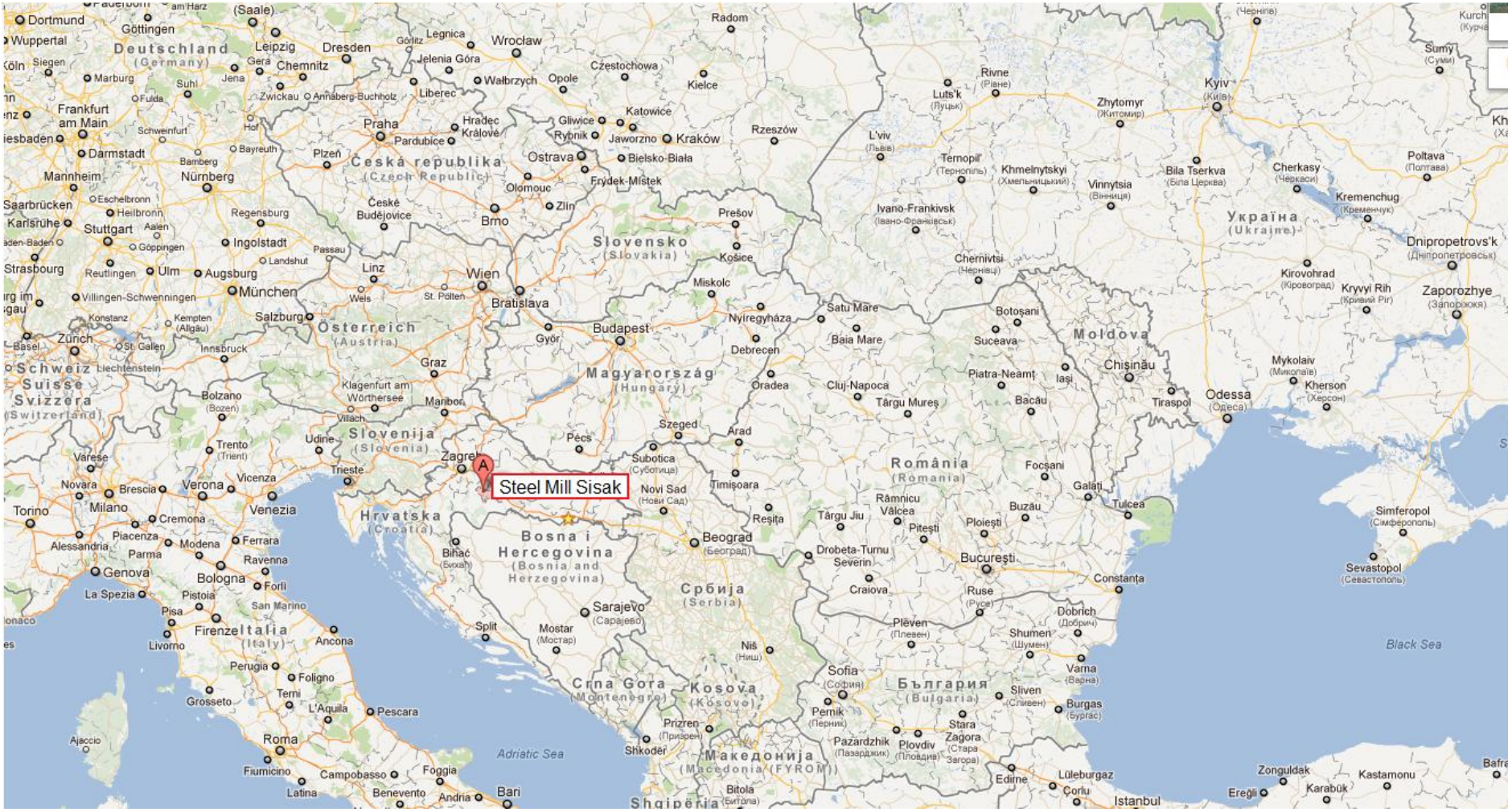
Direct incentives	Aid to cover eligible costs of job creation linked to an investment	60.000,00 USD
	Aid to cover eligible costs of training linked to an investment	0,00 USD
Total value of direct incentives		**60.000,00 USD**
Indirect incentives	Customs charges *	0%
	Profit tax rate **	10%
Total value of indirect incentives		**1.340.000,00 USD**
Maximum overall aid intensity		**1.400.000,00 USD**

Investment Opportunities

Sectors:

- **Energy** (numerous power plants to be built – tenders for financing, equipment providing and construction)
- **Transportation**
  - New railway network
- **Construction**
  - Increase in energy efficiency of old public buildings
- **Tourism**
  - Various tourist projects (hotel resorts) on sale
  - Tourist resort development project Brijuni Rivijera – public tenders for various subprojects
- Industrial projects
  - Steel mill in Sisak – ON SALE
    - American company CMC (Commercial Metals Company, Irving, TX)
    - Production activity: 24.20 (NACE code 2007) steel pipe and tube manufacturing

STEEL MILL SISAK – ON SALE



STEEL MILL SISAK – ON SALE

Capacity	Melting	360.000 t
	Rolling	80,000 MT Heavy Walled Seamless Pipe 40,000 MT Medium Section Seamless Pipe New Melt Shop & LMS Station September 2010 – 360,000 MT Blooms
	Fiscal year 2010	Tons Melted 89,000 Tons Rolled 64,000 Tons Shipped 61,000

Reasons to sell:

Joe Alvarado, President and CEO, in addition to closing plant in Croatia commented “the company announced further reductions to its global workforce by approximately 350 people to further align Commercial Metals Company to remain competitive and responsive to current and projected customer demand. As a part of the workforce reduction that was announced, five rebar fabricating locations will be closed, four domestic and one international location. Any remaining production will be moved to other facilities. (Source: CMC corporate website)

STEEL MILL SISAK – ON SALE

Thank you!

Republic of Croatia
Ilija Zelalic, Consul General
11766 Wilshire Boulevard, Suite 1250
Los Angeles CA 90025 U. S. A.
crocons.los-angeles@mvep.hr

www.investincroatia.org