• How Small Croatia Can Attract the Big Dollars of Multinationals

• U.S. Outlook for 2014

• Evening for Safe Steps
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Patron Members
Dear Members and Friends,

The impression shared within membership is that the Chamber has been very active in 2013. The office received numerous proposals for policy initiatives and topics we should address on AmCham events. This membership driven approach has resulted in high attendance of our events and has been reaffirmed by increased interest of non-member guests. One element very important for Chamber’s profile is News and Views magazine which, throughout the years, becoming less Chamber info sharing medium, but thanks to high profile of expert articles authors, valuable source of information and views on today’s Croatian and global business environment and trends.

In this issue, Hrvoje Stojić, Economic Research Director at Hypo Alpe-Adria-Bank d.d. brings regional economic wrap up of 2013 and opens the view to 2014. Willard E. Witte, Professor Emeritus, of Department of Economics, Indiana University Bloomington and lecturer at IGBS brings us U.S. outlook for 2014.

Croatia is facing a number of new bills trying to shape Croatian business environment to the taste of potential investors. Wolf Theiss’s authors, Orlić and Mirković, provide a closer look on Strategic Investment Act, effective since November 2013. Vuković and Mirošević of Divjak, Topić & Bahtijarević Law firm prepared an overview of the whole package of legislation oriented to ease investment efforts. Ms. Stručić of Law Firm Bardek Lisac Mušec Škoko, and in cooperation with CMS Reich-Rohwig Hainz, prepared information on non-taxable payment on dividends and royalties to related company which has become possible since Croatia’s EU accession.

There are numerous ways to add new values to company’s stability and success. Mrs. Očko of Kontroling Kognosko, elaborates on controlling and its contribution to company’s future. Mediation as alternative way of dispute resolution brings clear advantages to companies, but has not yet become a standard in Croatian business life. When and how to use its advantages disclose Vlatka Cikač, attorney-at-law and Ana Tuškan, law trainee, both registered mediators. Risks of all kinds surround us and ability to mitigate them defines the prospects for company’s success. About supply chain risks writes Ms. Jelena Gruja from Det Norske Veritas.

Pre-bankruptcy legislation has been one of the hot topics of the second half of 2013. Pribanić and Marohnić, in cooperation with Karanović and Nikolić law firm, prepared their view on restructuring processes in Croatia and relevant legislation.

For the taste of the future, we have an interesting article of the newest trends in biotechnology prepared by our new member Amgen.

With these members’ contributions, we wish you well informed business decisions and successful new 2014.

Sincerely,
Andrea Doko Jelušić, Executive Director

Co-organized with CMS Zagreb together with the American Chamber of Commerce in Croatia held a seminar on “Anti-Trust and Unfair Competition” at the DoubleTree by Hilton Zagreb hotel on Thursday, October 3. The speakers were Ms. Zrinka Vrtarić, who gave a speech on anti-trust rules on vertical agreements: block exemption, hardcore restrictions, market share, and excluded restrictions, Ms. Jelena Nushol, who held a presentation on general rules of unfair market competition in Croatia, and Mrs. Gabriela Staber, from the CMS Vienna office, who presented her experiences on dealing with issues related to vertical agreements in Austrian practice. Vrtarić and Nushol also moderated a very interesting discussion and shared their practical experiences. The event was attended by representatives of the pharmaceutical and FMCG industries, who expressed their deep interest in the topic.

Annual General Assembly
November 28, 2013, at Coca-Cola HBC Hrvatska

AmCham President Ivan Vidaković presented AmCham’s activities and events in 2013, emphasizing advocacy work on various policy initiatives relevant to members’ business, which was conducted through AmCham Committees and resulted in official Chamber positions that were presented to the Government and public. Executive Director Andrea Doko Jelušić presented the Financial Report for 2013. She said that in spite of economic challenges in Croatia, AmCham delivered and exceeded its expected financial plan. A strong focus on cost control and increased membership engagement through policy work and sponsorships enabled more investment in the activities and visibility of AmCham’s advocacy and public policy work, all to the benefit of members.

At the end of the meeting, elections were held for six Board of Governors positions and we are pleased to announce the elected Board members:

President - Ivan Vidaković, Director, Microsoft Croatia
First Vice President - Boška Trbojević, Public Affairs & Communication Manager Croatia and B&H, Coca-Cola HBC
Secretary Treasurer - Danko Schönwald, General Manager, Novartis Hrvatska

Untitled Governors:
- Ljubiša Mitof-Višurski, General Manager Adria Region & Croatia, Abbvie
- Siniša Duranović, Operating Director, Hrvatski Telekom
- Marija Pujo Tadić, Lawyer, Law office Marija Pujo Tadić

Full minutes of the Annual Assembly are available at www.amcham.hr at the Members-only area.
Chamber News

TIRANA BUSINESS PARK
ROAD SHOW TOUR

Tirana Business Park (TBP) is the largest real estate, foreign, private investment in Albania. The 22ha site, located nearby the International Airport “Mother Theresa” is the future home of TBP. By 2022, 17 buildings will be erected, with a total built up area of app. 177,000 m² and 3600 parking spaces. This ambitious, 100 million euro project is being implemented by Lindner Group of Germany. TBP is on its way to become one of the hot spots in SEE, by bringing together industries, entrepreneurial models and creative impulses. Additionally, TBP is bringing new area in the market by differing in providing services as well as its promotional strategy. Hence, in May 2013, TBP kicked off the Regional Road Show Tour at the premises of Business Park Sofia, the first and very successful investment of Lindner Group in Bulgaria. This was the prelude event of many to come, in order to increase the awareness of Albania, as a potential and attractive market, but also to present this German Real Estate direct investment implemented in Tirana. This activity was organized as a presentation of TBP project and “Invest in Albania” panel discussion composed by Mrs. Eneida Guria – CEO of Albanian Investment and Development Agency (AIDA), Mr. Paul Tobin – Partner of PricewaterhouseCoopers, Mr. Lutfi Dervishi – Analyst, Mr. Michael Ulmer – General Manager of Lindner Projektentwicklungs GmbH. After Sofia, Pristina was chosen as the next stop, where TBP had already received requests from potential tenants located there. “I see the interest we have attracted here in Pristina as an advantage that Tirana Business Park is offering to the western Balkan commercial property market,” said Mr. Carsten Conrad. In Pristina, during the panel discussion, the expert of economy Mr. Gjergj Filipi, director of the research institute Agenda, highlighted the importance of the Lindner Group investment as a very good example to be considered by the other foreign investors. Encouraged by previous successful implementations, on 11th of December, the next TBP’s stop was Zagreb, home of the headquarters of all the largest Croatian companies. The event was held in collaboration with AmCham Croatia, and it has raised high interest from the companies present in Croatian market. After the project presentation, the panelists discussed on the investment climate in the region where, Mrs. Andrea Doko Jelušić – Executive director of AmCham in Croatia, pointed out that it is very important for the Croatian and International companies actually present in Zagreb to consider Albania as a very attractive market for future expansion. In addition, Mr. Maksim Caslli - Managing Partner of Deloitte Central Europe shared the example of Deloitte which is present in Albania since 1996 and today, one of the biggest players in the market. He advised the decision-makers to consider the actual status of Albania as newest potential member to join EU, as an advantage to enter the market as soon as possible. Meanwhile Mr. Ulmer described the positive trends that motivated Lindner family to invest in Albania and agreed with Mr. Dervishi when he emphasized that one of the biggest assets of Albania is its highly educated youth. At Tirana Business Park (TBP) sustainable architecture blends with nature, by bringing positive impact on users’ work-life balance; at the same time, high priority is given to the service provided and the premise facilities and flexibilities. In the first construction phase, three buildings with a gross floor area of approx. 39,000 square meters are currently under construction. For further information contact: Carsten Conrad at c.conrad@tiranabusinesspark.com

AMCHAM IS DONATING TO AUTONOMOUS WOMEN’S HOUSE ZAGREB

AmCham celebrated Thanksgiving by donating funds to the Autonomous Women’s House Zagreb again this year. We encourage you to consider donating funds to them in any amount. For more information visit: http://www.azkz.net/

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TIRANA BUSINESS PARK

AmCham
HOW SMALL CROATIA CAN ATTRACT THE BIG DOLLARS OF MULTINATIONALS

By Joseph Quinlan, AmCham Lunch - October 21, 2013

AS A FULL-FLEDGE MEMBER of the European Union (EU), Croatia is now part of an economic entity that is among the most attractive in the world to multinationals, notably U.S. firms. Owing to the EU’s size and wealth, American firms have sunk over $1.3 trillion into the European Union since 2000, an amount that equates to 45 percent of global U.S. foreign direct investment outflows. No other region of the world is as important to Corporate America as the European Union.

But whether or not Croatia attracts its fair share of U.S. investment in the future is far from assured. Yes, the nation is now part of a wealthy and affluent economic bloc. But that’s not enough. Croatia needs to do more—in particular, the government needs to get the basics right in creating a proper investment climate or multinationals will take their capital elsewhere.

Getting “the basics right” means creating the appropriate environment for foreign investors. Multinationals gravitate towards nations where there is a strong rule of law, a respect for intellectual property rights, and clear enforcement and resolution procedures regarding contracts.

Multinationals also like predictability—they crave macroeconomic stability; they demand reliable sources of energy and credit; they prefer stable tax regimes; and they favor transparency when it comes to government spending and policy making. Foreign firms are notably keen on strong and efficient government institutions—the latter make better business partners and are better at fostering trust and confidence between the private and public sectors.

Multinationals also favor nations with a first-class infrastructure. The basics—roads, rails, ports, airports and internet readiness—are hugely important to multinationals since foreign direct investment is nearly always dependent on the movement of goods, capital, data and people. And speaking of people, the better educated the labor force and the healthier the population base, the better positioned the nation is to attract the capital of multinationals.

A flexible and efficient labor force, a strong local supplier base, strong and independent universities—these are also considered “basics” by many foreign multinationals.

In the end, nations like Croatia must present a bundle or package of attributes to multinationals; there is not one factor, in other words, that determines foreign direct investment but multiple variables.

Croatia—albeit small in size—must also think big. The nation should learn from other small nations who have attracted massive amounts of capital, with Ireland and Singapore immediately coming to mind.

Both nations have punched well above their weight when it comes to attracting foreign direct investment, with Ireland, whose population is on par with Croatia, among the most favored destinations in the world for U.S. foreign direct investment. Indeed, U.S. investment in Ireland on a historic cost basis is greater than U.S. investments in Germany and France combined.

How did the Irish do it? They got the basics right—think a low and predictable tax regime, an English-speaking skilled labor force, massive investments in human and physical capital, and a transparent rule of law governing property, intellectual property rights and related activities. Singapore has also adopted similar policies and has been hugely successful in attracting foreign direct investment.

The key message for Croatia—being a small nation should not prevent the country from thinking big. The nation should not be afraid to copy or intimidate the success of other nations.

But first things first—the immediate task for Croatia is to get the fundamentals right. The nation must lay the proper foundation for foreign investors. Being part of the European Union is no guarantee that U.S. firms are about to beat a path to Croatia.

Much work remains to be done in Zagreb. Policy makers need to be more aggressive about attracting the foreign investment of multinationals. The challenges are formidable but the payoffs are substantial. Croatia needs to be bold and think big.

Joseph Quinlan is the managing director and chief market strategist at U.S. Trust — Bank of America Private Wealth Management. His research is frequently cited in such media venues as Barron’s, The Wall Street Journal, The New York Times and the Financial Times. With nearly 30 years of financial services experience, Mr. Quinlan most recently served as a senior global economist/strategist for Morgan Stanley. He started his career with Merrill Lynch. In 2006, the American Chamber of Commerce to the European Union awarded him the 2006 Transatlantic Business Award for his research on U.S.-Europe economic ties. In 2007, he was a recipient of the European-American Business Council Leadership award for his research on the transatlantic partnership and global economy.
**NOTWITHSTANDING SIGNS** of timid external recovery, SEE GDP is expected to only move sideways in 2014 against a backdrop of quite divergent economic performances across countries. While the Slovenian recession gets deeper amid delays in the banking sector overhaul, and Croatian GDP decline eases further, we expect Serbian 1%-alike growth to continue, largely on stronger investment. Even though not our base case, we cannot rule out deeper recession in the region amid destabilizing decisions by local policymakers, re-escalation of the euro crisis after the German election, and spillovers from Fed tapering. Inflation profiles are being broadly revised down, which together with better fiscal/reform prospects and demand pressures may lead to monetary easing, provided a stable risk environment.

While slowing of the recession in 2013 is good news, Croatia saw a clear contribution to EU optimism in one-offs from fiscalization, electioneering and weather-driven energy output. Marking to market hence moved our 2013 GDP forecast into the region of -1.25%, bringing us back and close to our year ago -1.5% call. Tax discipline is undoubtedly a must, but fiscalization only helps move part of inadequately captured non-registered activity into a formal economy, i.e. it cannot be considered a game changer. We see further decline in Croatian GDP in 2014 on private de-leveraging aggravated by regulatory uncertainty, rising unemployment, long entrenched competitiveness issues and fiscal consolidation. Meanwhile, Slovenia has to augment austerity efforts as the bank rescue question is pending. While Serbian recovery has become slightly more broad-based, we think stronger policy efforts are needed in order to sustain 2-2.5% growth rates.

Long entrenched structural issues, country-specific policy mistakes, regulatory risks and lagging competitiveness are the biggest downside risks in SEE, whereby Croatia will initially face a competitiveness shock after entry into the EU. We are not that optimistic on policy implementation given such high political costs that reforms entail, and pressure from the market or other institutions is needed - the experiences of other EMU countries show this to have some effect. We would become more optimistic if Slovenia had restructured banks earlier, if large infrastructure projects were to be unfrozen, if corporate restructuring (including privatization) sped up, if regulatory uncertainty was reduced and if monetary policy was more supportive.

Likewise, we have lowered inflation forecasts for a better agricultural season, ongoing softness in consumer demand and the labor market and broadly contained commodity prices. We still continue to see risks on the upside given fiscally-indispensable administered and indirect tax hikes or previous tax cuts reversals (like in Slovenia and Croatia). In Serbia, the RSD upward volatility could, as always, influence the near-term price movements, let alone expectations. Despite the central banks inaction during the summer, we think the maneuvering room for monetary easing and credit support schemes is generally there. Steering clear of unnecessary liquidity bulge in risk-sensitive environments, the CNB is eyeing promising SMEs as opposed to ever-greening of loans in previous programs. The EIB/EU initiative, among others, may help the CNB in that respect, from January 2014. Given the NBS’ stable RSD preference ahead of the IMF talks, we have tapered our REPO cuts expectations, which will now be largely determined by inflation development and the global/regional risk appetite.

Except in the case of Croatia, rating agencies have stayed on the sidelines as they prefer to see whether the EC/IMF institutional pressures and the new budget season will yield more fiscal and reform credibility. In terms of rating outlook, delays in a thorough bank clean-up process and an inactive government with slow privatization clearly restricted by political obstacles (not our base case though) would exert pressure on Slovenia. While Croatia’s mid-term fiscal guidelines could unnerve agencies, everything still depends on how the country makes use of a policy anchor under so-called Excessive Deficit Procedure in terms of fiscal consolidation with a more reform content on the expenditure side. Serbia is still the most exposed to risks of a rating downgrade, given one of the strongest redefinitions on portfolio flows in funding CESEE-beating twin deficit, which would be likely actualized with the Fed tapering. The Fed’s unexpected dovishness this autumn has temporarily supported spread and duration trades in steep high beta EM curves such as SEE curves. As the Fed’s QE heads toward the exit later this year, and EM flows wane again, we see further pressure on EM assets, and SEE credit hit disproportionately as markets discriminate on growth and fiscal metrics.

The author is Economic Research Director at Hypo Alpe-Adria-Bank d.d.; however, opinions expressed in this article are not necessarily those of the institution.
The United States economy has continued to disappoint so far in 2013. Through the third quarter, the economy managed to grow at an annual rate of just 2.2 percent (see Figure 1). Compared with our expectation a year ago, growth for all of 2013 will probably fall short by close to a full percentage point. The labor market has done somewhat better. We anticipated job growth would average close to 170,000 jobs per month. Through October 2013, the actual outcome has been 186,000 jobs per month (see Figure 2). If the final two months come in similar to the past three, the full year will be a little above estimate. The unemployment rate was down to 7.3 percent in October. By year-end it could fall a little more, which would put it lower than we expected a year ago. However, this is partly because people have continued to drop out of the labor force. The employment rate (the ratio of those employed to the population) is currently at its lowest level in over three decades.

Looking at a longer time frame of data, the past decade can be broken into four different phases:

1. **Phase 1: The pre-recession period (2004-2007).** During phase 1, the economy stumbled into a set of serious imbalances. The prime mover was the huge housing boom and an associated financial bubble. These fueled unsustainable levels of consumption (as households cashed out inflated home equity) and state and local spending (paid for with inflated property tax revenue).

2. **Phase 2: The Great Recession.** When the inevitable collapse occurred, the second phase began. This was the Great Recession, after which the economy needed to rebalance itself. Rebalancing required a set of painful adjustments: housing and local government needed to significantly downsize and consumption needed to downsize—a little in the long run and more in the short-term—as households saved in order to rebuild their balance sheets.

3. **Phase 3: Stimulus and Stall.** Unfortunately, these adjustments were hampered by government policy. The huge stimulus package tried to prop up housing and stimulate consumption. It augmented state and local revenues. This produced some temporary improvement in the first year after the recession, followed by a swoon when the programs ended. The stimulus and stall lasted through 2010.

4. **Phase 4: Healing.** During the period since (the fourth phase), the economy has finally been moving on with its healing process. Housing has downsized, and during the past year and a half has come back to life. Households have made large strides toward balance sheet repair, especially those with exposure to equity markets. State and local finances in aggregate are much improved although some problems remain, particularly in certain larger cities.

For at least the past year, the economy should have been able to achieve growth close to, perhaps above, its long-run potential of 2.5 percent to 3.0 percent. Yet growth remains stuck in a sub 2 percent rut. We can find only one plausible explanation: policy from Washington is standing in the way all across the board. Fiscal policy is obviously a mess. The latest episode managed to kick that mess into next year, but only after shutting down much of the government for two weeks. On the regulatory front, the rule seems to be “if it succeeds, regulate it or sue it.” Meanwhile the Federal Reserve continues a totally unsustainable policy stance, with no real plan for how or when it will change course. All of this has created great uncertainty for consumers and greater uncertainty for businesses. Even with an improved financial situation, households remain reluctant to spend. Meanwhile, businesses sit on piles of cash, borrowing is cheap, yet investment spending is extremely disappointing.
Looking to the year ahead, this policy headwind is unlikely to disappear entirely, but it could possibly abate as next year unfolds. As a result, we expect that the first half of 2014 will be generally similar to the past year: unacceptably slow growth, without much progress in the labor market. To be more specific:

We expect output growth to average about 2 percent through mid-2014. In other words, déjà vu. Later in 2014 we think (hope, with our fingers crossed) that there will be some improvement and growth will rise to close to 3 percent (see Figure 1). This is predicated on some clearing of the uncertainty clouds.

Labor market progress will continue. Employment could show increases above 200,000 jobs per month by the end of 2014, implying an unemployment rate below 6.5 percent by the end of the year.

We expect inflation to remain well contained in 2014.

The housing sector has been in recovery mode since the end of 2011 with very rapid growth over the past year. During 2014, we believe this surge will moderate. Housing will remain the strongest industry in the economy, but its period of double-digit growth could end.

The Federal Reserve has held short-term interest rates at virtually zero for almost five years and has said it will maintain this stance through mid-2015. It has also been buying about $85 billion in securities per month for nearly a year. We expect the latter will “taper” down during 2014, producing some disorder in financial markets, but with little impact on the rest of the economy.

Any real actions on the fiscal policy would be welcome but also unexpected, at least to us.

Like a year ago, there are the usual suspects that could adversely upset our expectations. To begin with, the better economy later next year is predicated on some progress with the policy deadlock in Washington. Secondly, the outcome when the Fed begins to unwind its security purchase/low interest rate regime is very difficult to predict. Thirdly, the external situation is a minefield: Europe still has problems; the slowdown in China could resume; and the Middle East could go critical.

Even so, we expect the economy will muddle through. Specifically, we expect tepid economic recovery to continue for another few quarters with the possibility of a stronger environment later in 2014.
INVESTMENTS WHICH THE CROATIAN GOVERNMENT DESIGNATES AS STRATEGICALLY IMPORTANT WILL BENEFIT FROM SIGNIFICANTLY QUICKER AND MORE ATTENTIVE TREATMENT DURING THE APPROVAL PROCESSES

Following extensive public and political debate, the Croatian Parliament has adopted the Strategic Investments Act (the “Act”). The Act became effective on 14 November 2013. Compared to the last draft which was subject to public debate, the adopted version of the Act did not introduce significant changes. Focus has remained on simplifying and speeding up the process of obtaining all documentation and approvals necessary for commencing a project in Croatia that is deemed to be “strategically important”. One of the key drivers behind the Act is the desire of the government to bring decision-making in regard to strategic projects to the central government level, thus preventing local opposition from effectively blocking execution. There is no doubt that the Act represents a major step in the current government’s program of improving the investment climate.

If a project is deemed strategically important all related official procedures become urgent and have top priority. All official opinions must be rendered within 15 days (in exceptional cases within 30 days). The failure to render an opinion within such term is deemed a positive opinion which should help prevent a project from stalling at any level. The competence for issuing location, construction and usage permits is completely transferred from local government units to the Ministry of Construction, which is intended to result in an impartial and prompt procedure. A location permit may be issued even if there is no urban development plan or detailed development plan.

If state-owned real estate is necessary for the realization of a strategically important project, the central government may exclude such real estate from the special governance regime (e.g., forests and maritime domain) for the purpose of implementing the project by direct agreement without a public tender. This has been one of the main controversies behind the Act and is cited as providing the government with means to alienate properties which the public believes should remain with the state. Furthermore, there has been some concern that the fact that the Act allows the government to dispose of state properties through direct agreements at a market value, based on assessments made by authorized court experts, may result in corruption issues and the lack of transparency.

In order to obtain a “strategically important” status, an application must be made to the Ministry of Economy. This application must include a detailed study of the project and the investor must prove its solvency and the fact that it meets its tax and social security obligations. If the investment will be realized through a special purpose vehicle operating in Croatia for less than six months, additional information about the financial abilities of the investor itself must be submitted.

CROATIAN PARLIAMENT ADOPTS THE STRATEGIC INVESTMENTS ACT

By Nikola Mirković and Jelena Orlić, Wolf Theiss Rechtsanwaelte GmbH - Zagreb Branch

The evaluation of all projects to be considered as strategically important will be made by a special 10 member Committee. A final decision on whether or not to grant the status of a strategically important investment is made by the Croatian Government.

The Committee is assembled from seven State officials. The Deputy Prime Minister in charge of the economy and investment serves as President and the Minister of Economy serves as deputy. There are four permanent members: the Minister of Justice, the Minister of Building and Physical Planning, the Minister of Environment and Nature Protection and the head of
the Agency for State Property Management. There are three members which will change based on a particular project: two of which are the representatives of local and regional authorities on whose territory the project is to be realized and the central government Minister of the department which has competence over the project.

Core criteria for considering projects as strategically important are the value of the project and the type of investment. The value threshold is EUR 20 million, with two exceptions: (x) if the investment would be co-financed with EU-funds, the threshold is EUR 10 million, and (y) if the investment would be made in an undeveloped area, the threshold is EUR 3 million. In addition to meeting the value test, the project should be related to:

(i) production or processing activities;
(ii) innovation activities (i.e., improvement and development of production processes, technologies and products);
(iii) business support activities (e.g., client support centers, outsourced departments, logistics and distribution centers, IT and telecommunication development centers, etc.);
(iv) high added value activities (e.g., architecture, design, art, marketing and other creative activities, tourism, business consulting, education, industrial engineering, etc.);
(v) activities in the energy sector; or
(vi) various infrastructure activities.

Upon receiving strategically important status, the strategic project will be added to the List of Strategic Projects and a group consisting of officials from relevant ministries, agencies and local government, as well as other experts which may help in realizing a particular project, will be appointed and tasked with being a point of contact to actively help the investor to commence the project and to facilitate the rendering of all necessary public authority decisions.

It should be noted that in 2006 the Croatian Government adopted the Investments Incentives Act, which has provided a number of tax, customs and employment incentives to investors committed to significant investments in Croatia (up to a full release from profit tax obligations for investments exceeding EUR 8 million and creating at least 75 jobs). In 2009 we have also seen the Terms of Construction Act concerning Investments Incentives, which also set out the framework for simplifying bureaucratic burdens related to the issuance of construction permits. Although both acts were announced with great enthusiasm, neither has lived up to public expectations and promises to significantly boost investments. It remains to be seen whether things will be different for the Strategic Investments Act.

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Hrvatski Telekom is the leading provider of telecommunications services in Croatia in all business segments, serving nearly 1.3 million fixed lines, 2.4 million mobile subscribers, more than 630,000 broadband connections and 383,000 TV customers. Hrvatski Telekom is the leading company when it comes to implementation of advanced technologies in Croatia and beyond – we were the first in Croatia to offer MAXtv, we launched Aplicentar, the first virtual center for mobile applications, we were the first to launch the 4G network in Croatia. HT was the first company in Croatia to start application of the NFC technology and launched ICT Marketplace, a virtual store with business applications and ICT services. At the end of 2012, HT was the first company in the world to test TeraStream, network of the future. Since its initial public offering in October 2007, Hrvatski Telekom has been a several-time winner of the Golden Share award and received the award for the best investor relations.
RECENT LEGISLATIVE EFFORTS ON PROMOTING INVESTMENTS

By Marin Vuković, Partner and Igor Mirošević, Associate - Divjak, Topić & Bahtijarević Law firm

WITHIN THE LAST FEW YEARS, legislative activities in Croatia were mostly aimed at harmonization of state laws and regulations with EU law and, more than ever before, at creating a legislative framework encouraging for potential investors. As to real estate sector investments, several recent changes are worth mentioning, including enactment of the Act on Strategic Investments of the Republic of Croatia, amendments to the Land Registry Act and announced set of acts on spatial planning and construction which should be enacted by end of the year. The Croatian Government hopes that these amendments and new legislation could help remove some obstacles to investing in Croatia and thus create an incentive climate and good starting grounds for a whole new investment cycle in real estate sector.

The long expected Act on Strategic Investments of the Republic of Croatia (Official Gazette No. 133/13) has been enacted and in force since 14 November 2013. This act is followed by high expectations and many believe that it should prove to be a generator of investment revival in Croatia. The goal is that all investment projects which are considered strategic for the Republic of Croatia undergo a special legal regime which implies simplified application of relevant laws and dealing with necessary proceedings in a faster and more efficient manner. In that sense, this Act provides criteria and procedures required for a project to be declared as strategic for the Republic of Croatia, regulates the models of easier disposal with state assets in strategic projects (sale, concessions, building rights, etc.), and provides mechanisms for speeding up various administrative proceedings required to develop such a project. This Act recognizes the Republic of Croatia, local or regional government, sole trader or any other local or foreign legal entity as a potential strategic investor. Besides other requirements prescribed for proclamation of strategic projects, the Act provides for threshold of minimum investment value in range HRK 20 – 150 mil depending on type of the project (general projects, agricultural or fisheries projects, projects supported by EU funds, projects on islands, etc.) The decision on the strategic investment status is brought by the Government of the Republic of Croatia on proposal of the Commission on Assessment and Establishment of Proposals for Strategic Projects. Generally, most decisions related to strategic projects are brought directly by the Croatian Government or other central administrative bodies, which significantly accelerates the process and increases the priority of such decisions. All proceedings in connection with the preparation and implementation of a strategic investment project are deemed urgent and it is prescribed for such proceedings to be conducted within 15-30 days as of submission of the request with all required documentation. However, the most significant positive effects are expected from special regime of state asset management applied to the strategic investment project. Namely, under the Act, Government of the Republic of Croatia is entitled to dispose with state assets (including forests, forest land, agricultural land and public roads) necessary for development of strategic investment projects in line with the location permit or other relevant act, without public tender or public collection of bids and on the basis of market value determined by a court appointed expert. It still remains to be seen whether this Act will come to life in practice and whether it will really be able to spin the wheel of investments in Croatia which, to be frank, has been stuck more due to inadequate implementation of laws, than by inadequate laws.

The most recent amendments to the Land Registry Act have entered into force on 22 May 2013. These were implemented with the proclaimed goals of digitalization of land registry records and reducing the duration and expenses of land registry proceedings, all in order to indirectly stimulate investments in real estate sector. The most significant changes have been implemented in (i) digitalization of land registry data, (ii) appellate proceedings, (iii) court delivery of letters, (iv) restoration, establishment and amendments of the land registry and other.

As to digitalization of the land registry, a comprehensive system has been introduced which envisages exclusively electronic land registry database (including digital archive of all documents) and electronic communication with the land registry court. Such digitalization is expected to improve availability, effectiveness and security of the land registry system. However, these amendments will enter into force only when technical preconditions are met. Although it is hard to predict, it does not seem likely that we will be able to use the described novelties any time soon.

Appellate proceedings have gone through severe changes within the latest amendments. In judicial and organizational sense, a new court has been established – the High Land Registry Court of the Republic of Croatia. The intention of the legislator was to introduce a single court which will decide on all land registry appeals in Croatia and establish unique and homogenous practice which should put an end to different practice of different county courts in land registry cases in Croatia. The date when the High Land Registry Court will commence with work has still not been set, so it still remains to be seen whether the new high court will achieve the high goals set for it. However, this has led to anxiety that first instance courts will lose their best specialized individuals to the High Land Registry Court, thus potentially decreasing the quality of first instance decisions. Furthermore, the objection has been introduced as a new legal remedy against first instance decisions in land registry proceedings. First instance land registry judges decide on submitted objections. In that sense, first instance courts are granted with an opportunity to correct any potential
mistakes themselves. Parties are still allowed to appeal to the High Land Registry Court (for now just to the county courts) on decisions brought within objection proceedings. Hopefully, this change should lead to easier implementation in the first step of each real estate investment – acquisition of title by expediting appellate proceedings, unification of court practice and consequently removing uncertainty connected with long lasting proceedings. By the respective amendments, delivery of official court letters in land registry proceeding has been prescribed in more detail than up to now, with the goal to improve efficiency. It is also worth of mentioning the new possibility to restore or establish land registry books for part of a cadastral municipality, which was not the case until now. Introducing of such possibility will significantly decrease time and costs related with these proceedings which are often required for development of real estate investments due to unclear land registry status of whole areas.

Finally, in November the Croatian Government has sent to parliamentary legislative procedure drafts of the new Construction Act, Physical Planning Act and Construction Inspectorate Act. These acts should regulate the spatial planning and construction area (up to now mostly regulated by a single act – still applicable Physical Planning and Construction Act). The proposed laws are all intended at: (i) full harmonization with EU law, (ii) more detailed regulation of designated areas, (iii) including and replacing parts of other laws and regulations on subject matter and imposing some valuable solutions forged in practice while removing identified deficiencies, and (iv) simplification and speeding up the spatial planning and permitting processes to the largest extent possible through certain solutions such as removal of location permits for most projects and having only one permit for construction (the construction permit). Since these acts are still in parliamentary debate, we should hold with detailed analysis of their impact to real estate sector investments and see if they will be able to produce any changes.

To conclude, by proposing new and amended acts, the Croatian Government is indisputably investing efforts in trying to create a better environment for development of projects and therefore trying to finally start up the cycle of investments, especially in real estate market sector. However, as already noted, the adverse surrounding has not been caused so much by “bad” laws, but primarily by slow and inadequate implementation of laws and, of course, other macroeconomic circumstances beyond the reach of Croatian laws. Therefore, although remarkable shifts should not be expected as a result of the above described efforts, these still represent a significant step forward which should be welcomed. And we should keep faith that these can help to build a new investment cycle in Croatia.
AFTER REPUBLIC OF CROATIA JOINED the European Union, it is possible, provided that the prescribed conditions are fulfilled, to pay out dividends, interests and royalties to related company in another EU member state without paying withholding tax.

Namely, since 1 July 2013 Croatia applies provisions of the Corporate Profit Tax Act (hereinafter the “Act”), which regulate withholding tax exemptions with respect to payments of dividend, interest and royalties. These provisions implemented into the Croatian tax system the Directive 90/435/EEC, regulating taxation of payment of dividends and share in profit, as well as the Directive 2003/49/EC, regulating taxation of payment of interests and royalties between related companies from different EU member states. While the Directives provide the free movement of capital between the related companies of different EU member states, the agreements on avoidance of double taxation will still be relevant when paying dividends, interests and royalties to third countries.

In order to apply the exemption it is necessary to file with the relevant tax authority, for each payment, the evidence on fulfilment of the prescribed conditions, as follows:

1. Evidence on residency of the company receiving the payment for tax purposes at the moment of payment;
2. Evidence on minimum direct share in the capital of the company paying dividend/shares at the moment of payment;
3. Evidence on the legal form of the company receiving the payment at the moment of payment.

The withholding tax exemption cannot be applied if the payments are done for the purpose of tax evasion or tax avoidance.

PAYMENT OF INTERESTS AND ROYALTIES
Withholding tax exemption with respect to payment of interests and royalties to related company in another EU member state may be applied, if the following conditions are met:

• The company paying interest and royalties and the company receiving these payments have a legal form subject to a common system of taxation with respect to interests and royalties applicable to related companies of different EU member states (according to the list in the Corporate Profit Tax Bylaw);
• The company paying interest and royalties and the company receiving these payments are residents of different EU member states in accordance with the laws of these states;
• The company paying interest and royalties and the company receiving these payments are related companies of different EU member states;
• One company directly participates in the capital (25%) of the other company or vice versa, or a third company participates in the capital of the company paying and the company receiving interest and royalties during an uninterrupted period of at least 24 months;
• The company paying interest and royalties and the company receiving these payments are exempt from the corporate profit tax or have a possibility to opt.

In order to apply the exemption it is necessary to file with the relevant tax authority, for each payment, the evidence on fulfilment of
ments for its benefit and not as an intermediary (as an agent, an authorised person or an authorised signee) for another person.

Furthermore, to apply the withholding tax exemption with respect to the payment of interests and royalties, it is necessary that the company paying interest and royalties and the company receiving the payment fulfil the transfer pricing requirements (i.e. that the amount of interests or royalties does not exceed the amount which would apply if there was no special relationship between the paying and the receiving company). If this is not the case, the exemption will be applied only to the “unquestionable” part, i.e. to the amount which would have been stipulated if there was no special relationship between the company paying interest and royalties and the company receiving the payment.

The withholding tax exemption will not apply if the payments are done for the purpose of tax evasion or tax avoidance.

The fulfilment of the conditions prescribed for withholding tax exemption to apply, are proved by a certificate issued by the relevant Tax Authority in Croatia at the moment of payment. The certificate is issued upon the taxpayer’s request, separately for each payment based on another legal ground. The Tax Authority issues the certificate within 3 months from the day the request was submitted, based on the documents proving that the prescribed conditions are fulfilled. It is valid for one year since the day of issuance, and it contains the following documentation and data (which last 12 months since the day of their issuance):

1. Evidence on residency of the company receiving the payment for tax purposes,
2. Evidence that the company receiving the payment is beneficial owner of the payment,
3. Evidence that the company paying interest and royalties and company receiving the payment are taxpayers,
4. Evidence on minimum participation in the share capital within the uninterrupted period of 24 months,
5. A legal basis for payment (an agreement).

If a company or a permanent establishment paid withholding tax with respect to payments of interests or royalties, although the conditions for the exemption were met, it is possible to request a refund of withholding tax paid from the Tax Authority (within two years from the day of payment of interests or royalties). In such case, the Tax Authority may request documentation and data proving the fulfilment of conditions for exemption, and it is obliged to refund the tax paid within one year from the day the request for refund as well as the necessary documents and data were submitted.

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Web.Burza is the premier web agency in Croatia, based in Zagreb. The web sites it produces for local clients accumulate over 20 million visits in a month. Operating since 1995, Web.Burza’s continued focus is on the end user’s experience and pioneering web standards. The years have shown three major strengths of this agency: the ability to expand its own content management system, its customer support and its project planning department.

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The Law Firm was established in 2003, grown from the Law Office Ante Župić, founded in 1993. The firm employs 26 associates and working languages are Croatian, English, German and Turkish. The firm was awarded with the AAA by Bisnode Society – Business Prudential 2012. Areas of Expertise:

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**IDENDS, INTERESTS WITHIN THE EU**

4/2013 ISSUE 15


CONTROLLING TODAY VIEWS MANAGEMENT through the prism of three inseparable factors – a clear strategy, a long-term viability plan and risk assessment. Growth, development and profit are three conditions that must work in synergy because, should any of the three falter within a longer period of time, companies lose strength. Only in the short run may companies waive profit while aiming at growth, forego growth while aiming at development, or renounce development while aiming at maximising profit. However, in the long run, companies can function only if the three are in perfect balance. And this is the responsibility of controlling. It focuses on the future, or early warning signs, its role is proactive, and its task is to promote changes.

Every manager should be his/her own controller; controlling is the function that facilitates the transparency of information and provides economic advice. In collaboration with management, controllers participate in the setting of targets that must be clearly defined in order to minimise risks. The fact that controlling is orientated towards the future makes it easier to deal with the present or variances.

Risks are an integral part of running a business, and one of the main areas tackled by controlling. A great deal of volatility and rapid changes in the business environment pose the greatest threat to companies becoming increasingly exposed to risks. And the good news is that this state of affairs applies to all. Globally and generally, business risks today are greater than ever before. So what is important is for companies to know how to protect themselves well.

Controlling has an important function in this – first and foremost in risk recognition, and then in risk measurement and risk management. It must be made absolutely clear which risks companies cannot accept (e.g., the lowering of quality due to increases in raw material prices), which risks come with new initiatives (e.g., creating and launching an entirely new product), and which risks companies will accept (e.g., a decline in profits due to the growth of market share).

Each and every employee can contribute to risk reduction. For example, if a company, wanting to reduce delivery costs, decides to outsource delivery to a specialist delivery company although it has its own delivery fleet, the complaints department employees can quickly identify whether the company is exposed to the risk of customer service declining in the field of delivery and shipping. The question is whether this risk is recognised in advance and processed by employees, or whether it is discussed openly only when customer dissatisfaction results in a drop in revenues. A modern approach to risk management is most certainly proactive.

The greatest risk for Croatian businesses is the risk of illiquidity. The most effective instrument of illiquidity management is an organised and structured sales system supervised by controlling,
which prevents business relationships with risky customers. Companies that adhere to such rules must, however, accept another risk (at least if they operate only on the Croatian market) – the risk of weaker growth because, in practice, it is usually impossible to choose only non-risk customers and achieve rapid growth (management must opt for quality sales at the expense of growth).

The other most likely risks are: changes in raw material prices, in interest rates and in tax regulations, the introduction of new business models, a loss of reputation, the introduction of radical requirements concerning, for instance, environmental protection, mergers and acquisitions, a further deepening of the recession, etc.

Controllers are the economic conscience of companies. They prevent managers from making far too risky and inefficient business decisions, or those that are based on personal interests. But we must never lose sight of another important fact – controllers ought to support managers even on a personal level, and must take into account the fact that every manager possesses different skills, personality traits, preferences and experiences.

Today’s business practice in the developed countries of Europe (particularly in Germany, Switzerland, Austria, and more recently Poland) assigns controlling a very important role and controllers the role of management business partner. Together, they share responsibility – managers for the decisions made, and controllers for the transparency of information on which the decisions have been made. Managers and controllers set company targets together. The role of controllers in this is very active, because their position gives them the best panoramic view of all business segments. No one in a company has the opportunity to see the “big picture” so well and so clearly, and this fact should most certainly be taken advantage of.

The central role of controlling can be a little confusing – on the one hand, controllers must be the keepers of the general interests of companies, and on the other, they need to be proactive and participate in the introduction of positive changes, all the while proposing their own ideas. In other words, in their daily work, it seems that the principle of independence collides with the principle of inclusion. In addition, they are both management partners and management critics. This is no easy role and should, accordingly, be performed by a highly skilled and experienced individual.

The communication of information to all managerial levels cannot at all be routine work. Merely providing managers with information is insufficient. Information must be well understood – where it comes from, what it tells us, and which is the right way to use it. Companies need to develop a good relationship to controlling as “the only source of truth”, which significantly improves the communication system as a whole – everybody knows who is responsible for the quality of information, and who for the quality of decisions.

In today’s business world, controlling is an unavoidable link in the chain of activities ranging from defining processes to the publication of results, from the coordination of the planning system to critical discussions of the results. The task of controllers is to keep track of the company as a whole orientated towards the future as the business partners of managers at all levels of hierarchy. Controlling is today indispensable in each and every company that wants to grow, develop and survive in the long run.
AMONG BUSINESS SUBJECTS IN CROATIA, there is a prevailing opinion that disputes between two and/or several companies should be solved before the court, in the course of a regular court procedure. This means the following: for open claims, the beginning of a distress/foreclosure procedure that later on, as a rule, turns to litigation; for unfulfilled contract obligations, civil proceedings are also initiated, as well as for different violations of contractual clauses.

Clearly, before initiation of civil procedure, business subjects as a rule attempt to reach a peaceful agreement. But that attempt to reach a peaceful agreement is not the same as the MEDIATION procedure.

WHAT IS MEDIATION?
The Mediation Act (official gazette ‘Narodne Novine’ 18/11) defines that the mediation is every procedure during which the parties attempt to solve the dispute consensually, with one or more mediators assisting parties in reaching a conciliation, but who are not authorized to impose the binding solution.

MEDIATION LEGAL FRAMEWORK
In the Republic of Croatia, the first Mediation Act was already enacted in 2003 (NN 163/03), making Croatia one of the first European countries that legally framed the mediation procedure into an autonomous law. The role models for creating the Mediation Act were two extremely significant European documents adopted in 2002, namely the Recommendation by the Council of Europe About Mediation in Civil and Commercial Disputes (Rec (2002)10) and European Commission’s “Green Paper” on alternative resolution of disputes in civil and commercial law (COM (2002)196).

It is also important to note that UNCITRAL’s Model Law on International Commercial Conciliation adopted in 2002 at the UNCITRAL’s 35th session held in New York, also played an important role in the creation of the Mediation Act since, along with directives, it contains legal standards that can be directly transposed into domestic legislation.

In view of strengthening mediation in Croatia, the PHARE 2005 project “Enhancement of Mediation as an Alternative to a Court Based Dispute Settlement” was initiated, with its holder being the Ministry of Justice, and its stakeholders the Croatian Chamber of Trades and Crafts, the Croatian Chamber of Economy, the Croatian Employers’ Association and the Croatian Mediation Association. The project implementation involved various professionals and consultants from the United Kingdom, Slovenia, Austria and Germany. The general project objectives were the development of in-court and out-of court alternative dispute resolution systems for legal and private persons. One of the results of the PHARE 2005 project was by all means the adoption of the Ethics Code for Mediators at the session of the Committee for Alternative Ways of Dispute Resolution that took place on 26 November 2009.

Because of the enthusiastic mediators’ persistent insistence, the mediation was given a green light and was listed among the provisions of the Civil Procedure Act (NN 148/2011). The new Mediation Act was issued in 2011 (NN 18/2011) adapted to the Directive 2008/52/EC of the European Parliament and Council about specific aspects of mediation in civil and commercial matters (21 May 2008).

WHAT DOES THE CIVIL PROCEDURE ACT SAY ABOUT MEDIATION?
The provision in Article 186 d of the Civil Procedure Act defines: “The court may during the entire civil procedure propose to the parties to solve the dispute in in-court or out-of court mediation procedure. If the parties consensually propose or accept solving the dispute peacefully before the court, a hearing shall be scheduled without delay in order to attempt a mediation to which the parties, their representatives and proxies, if they have them, are invited. The in-court mediation procedure is led by the mediator judge appointed from the list of mediator judges defined by the Court President. The settlement reached in the mediation process has the status of the court settlement.”

Furthermore, the provision in Article 186e of the Civil Procedure Act stipulates as follows: “Upon the filing of legal remedy, the parties can consensually submit the proposal for mediation procedure before the mediator judge of the court competent to decide about the legal remedy. If the mediation is not successful, the mediator judge must not participate in making decision about the legal remedy in the matter.”

Furthermore, the provision in Article 186f of the Civil Procedure Act stipulates as follows: “If the parties in a civil procedure submit the agreement proposing mediation at one of the mediation centers, the court shall instruct the parties to address the suggested mediation center within eight days and the procedure shall stay until termination of the mediation procedure at the selected mediation center. The parties shall inform the court about addressing the selected mediation center in the subsequent period of eight days. If the mediation at the selected mediation center is successful, the parties shall conclude the court settlement before the court that directed the parties to mediation. If the mediation at the selected mediation center is not successful, the court that directed the parties to mediation shall be informed without delay for continuation of civil procedure.”
From the quoted provisions of the Civil Procedures Act, it is clearly derived that the MEDIATION procedure can be initiated before initiation of a court procedure, during the court procedure or upon the submission of legal remedy to the court ruling.

Apart from that, the procedure can be conducted before the court where the litigation is already in course or at any of the mediation centers.

**MEDIATION PROCEDURE PRINCIPLES**

The mediation procedure, except for being quick, economical, voluntary and informal, has certain defined principles that should be kept in mind. Pursuant to Article 4 of the Mediation Act (NN 18/11) “when interpreting the provisions of this Act, one should follow the principles of consciousness and honesty and internationally adopted mediation standards represented in the documents of the European Union, United Nations and the Council of Europe. The matters that are not regulated by this Act should be resolved in line with the principles of voluntarism, procedure efficiency, equal party treatment, autonomy of procedure parties, confidentiality of the procedure and mediator’s impartiality”.

**DOES THE INITIATION OF MEDIATION PROCEDURE IMPLY WEAKNESS?**

The problem that most often appears in practice is that the party suggesting the mediation might be considered “weaker” by the opposite party, because in the latter’s eyes it has less chance to “win” in the legal procedure only because it wants MEDIATION.

But such perception is a distorted image of reality, because the one suggesting mediation is at the same time suggesting less expense, less lost time, a human tailored procedure and a resolution suitable for all participants.

Experience shows that resolution of problems and misunderstandings through mediation does not represent a sign of weakness, but a smart decision – “Mediation is not a sign of weakness, but a smart decision.”

**ADVANTAGES OF MEDIATION RELATIVE TO COURT PROCEEDING**

It should not be forgotten that the media increasingly points out that resolution of the dispute before the court also means loss of control over the dispute. By putting one’s faith in the hands of the court, judge, lawyers, etc., the dispute is conceded to those who can never know better than we ourselves what it is we want exactly.

But, if all facts related to the in-court resolution of disputes are taken into account, and especially the duration of the procedures, the fact that one party always loses in the dispute, and that the ruined business relationship remains ruined, it might not be the best way to solve the “disputes” pertaining to the relationships between companies.

“It will cost less, it will take less time and it will be adapted to your needs.”

**WHERE TO INITIATE THE MEDIATION PROCEDURE?**

Although mediation related to companies is significantly represented in the world, its implementation has just started in Croatia. There are several institutions in Croatia that also include Mediation Centers within their scope of work. Thus it is sufficient to address one of the below stated institutions in order to initiate the mediation procedure. In the area of the City of Zagreb only, there are several Centers providing mediation:

- Croatian Chamber of Economy - Mediation Centre
- Croatian Chamber of Trades and Crafts - Mediation Centre
- Croatian Bar Association - Mediation Centre
- Croatian Mediation Association - Mediation Centre
- Croatian Employers’ Association - Mediation Centre
- Croatian Banking Association - Mediation Centre

Apart from the mediation procedure being quick, economical, voluntary and informal, it is also the most flexible solution for citizens and business subjects, because it adjusts to the needs of each individual client, considering potential and present conflicts as opportunities to solve the problem.

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THE FIRST YEAR OF IMPLEMENTATION OF THE CROATIAN PRE-BANKRUPTCY LEGISLATION: IS RESTRUCTURING BEING GIVEN A BAD NAME?

by Danijel Pribanić and Josip Marohnić, attorneys at law, in cooperation with Karanović & Nikolić, Zagreb

FOLLOWING THE ENACTMENT of pre-bankruptcy legislation, the meaning of the term restructuring in Croatia has been unduly restricted to merely imply an accounting operation.

Real restructuring of a business has become a constant in the ever-changing globalized world. This process has affected large and small businesses, both international and local companies. Companies are constantly striving to redefine their market position in order to maintain a balance between their corporate mission and market challenges, as illustrated in announcements regarding redundancy programs over several jurisdictions, affecting thousands of employees, and in intentions to shift portions of business from one country or region to another in an effort to reduce costs. Companies worldwide are combining in-house experience and knowledge with the support of external consultants and lawyers, hiding most of the processes and actual drivers from the eye of the public.

On the other hand, in Croatia the term restructuring has become a synonym for the formalized process of creditors taking a haircut by writing off a certain portion of their receivables and granting payment deferrals. The intended purpose of this process, which is in essence similar to bankruptcy proceedings held by a court, but in this case hosted by a state-owned financial operations agency, is to keep the indebted business afloat by means of debt rearrangement. At the same time, the company’s management is left as it was when the problems accumulated, as if a mere write-off will make them capable of facing the same challenges as before and competing in the marketplace in the future.

Real, “structural” restructuring measures, such as downsizing business activities, focusing on new markets and innovative products, labor reduction based on an educated due diligence of the business’ mechanics, are mentioned in these restructuring programs only to fill in the requisites imposed by the law.

They rarely come under real discussion, are questioned or even substantiated. Such restructuring programs are, by definition, shaped by accountants without the necessary level of input from qualified business consultants. In most cases, the only issue considered relevant or reflected on when making decisions deals with decreasing liabilities for debt. The reason for this may lie in involving the national financial agency in the process, and placing the provisions on pre-bankruptcy in the same bill with rules imposing discipline on payments between companies.

Not all of the procedures in the “restructuring” process (or pre-bankruptcy proceedings, as they are formally referred to by the law) are necessarily just a bailout for a business that has previously failed to go through a proper restructuring process. However, most of them are exactly that. Time will tell how the instrument will develop, and recent signals have been given by the judiciary questioning it. Are creditors left with a choice or are their receivables simply decreased and they have a say no more extensive than yes or no?

The answer to this question will depend on the legislation put in place by the Constitutional Court and its subsequent interpretation. Promoted as a job-saving mechanism, the general atmosphere in Croatia is that this process actually enables companies to decrease their overall debt. It gives a company the advantage of a fresh start without asking anything in return and without the risk of being prosecuted for overdue payments and outstanding debt.

Recent changes in legislation have finally hindered the right of related legal entities to vote on a debtor’s restructuring program (which is now possible only in cases of grants between related entities). Furthermore, submitting false evidence has finally been ended, as the court is now obliged to inspect the restructuring process with more scrutiny.

However, real restructuring assumes strikes, riots, business flow interruptions, political pressure from local and central governments, exposure to governmental and judicial voluntarism, crisis management and stakeholders’ commitment. This involves additional costs that most SMEs cannot afford, but how can anyone expect that the current management will not jeopardize the jobs of dozens or hundreds, yet again?

Larger organizations with a good market reputation and a high product demand are more sought after as likely to engage in the mandatory restructuring process. The restructuring plans presented by some of the larger companies actually show an understanding of the necessity for constant change. These are the issues which will have to be dealt with in a serious restructuring process.

>>> DANIJEL PRIBANIĆ  JOSIP MAROHNĪĆ
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As a modern card issuing company we consider our achievements indivisible from the progress of the community in which we operate. Transparent business practices, application of high standards of quality in all working segments, modern technology, focus on the clients and business partners - service establishments and their needs, these are the principles and values we uphold towards the community, by supporting numerous projects significant for its progress.

We are proud to have sponsored the humanitarian dinner Evening for Safe Steps for the sixth time, which contributed to the initiative for Croatia free of explosive mines and the creation of greater quality living conditions, as well as equal work opportunities and further development throughout Croatia.

Among the projects we support we would like to emphasize the project by the Ministry of Health of the Republic of Croatia entitled Monitoring Children with Neurorisks. This project is supported through our American Express Card with a Heart so that for any purchase with this card 40 lipa are donated to the charitable project. Numerous Partner-Friends are included in this project - our business partners who donate additional 35 lipa for any purchase with the American Express Card with a Heart at their service establishments. A great number of cardmembers also assist in this project by using their cards regularly for purchasing products and services as well as donating their Membership Reward points to the project for monitoring children with neurorisks. Thus, by now we have collected over two million kuna for this noble purpose and donated funds to fourteen hospitals in Croatia, included in this project, to buy specific medical equipment for monitoring children with neurorisks.

Through charitable projects, such as Evening for Safe Steps or the humanitarian American Express Card with a Heart and many others, charitable activities have entered our daily lives.

Some things are evergreen with a reason

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IN ORDER TO FIND THE WAY through today’s highly competitive and demanding markets, address key stakeholder’s concerns and still keep the business growing, it is important for companies around the world to take care of their supply chains.

In reality, we are buying and consuming goods that we have purchased driven by our needs and emotions. But to which extent do the companies really have their products and promises they gave us under control? It depends not only on how they manage their own operations, but how well they manage their supply chain.

The supply chain by definition consists of processes that include manufacturing and selling, but also warehousing, transportation, exchange of goods, materials, knowledge and information between parties involved in chain, with the aim that the final consumer gets the safe product that meets the needs and expectations.

In global environment like it is today, managing supply chain means proper management of risks existing throughout the entire life-cycle of products and services, from design, raw material input, production and transport to retail, use and all the way to end use and disposal. The sources of risks involved can be grouped in Environmental, Social and Governance risks. All of the risks included in any of these categories represent the risks that responsible companies need to address properly if they want to succeed.

Manufacturers and retailers are being forced to have under control every link through their supply chain, meaning that they sit on top of the long and geographically widespread supply chains. Being aware of this and the fact that in most of the countries legislation shifts responsibility to a large extent to manufacturers, their need for responsible approach towards their supply chain becomes even more important.

One of the sectors of special interest on all the markets when it comes to managing risks throughout supply chain is Food & Beverage. During 2013 DNV Business Assurance and GFK Eurisko have investigated the relationship between companies in the Food & Bever-age sector and their Supply chains. From what was the result of the survey, food safety (63%) and quality (54%) are the areas companies consider as particularly vulnerable in supply chain management. Financial risks (38%), regulatory compliance (35%) and environmental challenges (29%) are deemed less threatening.

The food & beverage supply chain is such a complex and diverse world that there is no such thing as a single solution to reduce the risks.

It takes a range of actions. Some of them are mostly used by manufacturers and consist of actions aimed at areas which include exclusion of suppliers located in sensitive areas, strategies for suppliers diversification, co-operation in suppliers development, audits and evaluations of suppliers or risks, certification according to regulatory standards, risk transfer actions and emergency preparedness.

Small companies are keener on supplier diversification or avoiding sourcing from risky areas, while large companies have better framed approach, opting for assessment of their suppliers and the risks they might be exposed to. As the company size and product complexity increase, the percentage use of the mentioned actions grows.

The main reason why companies commit to risk prevention and management throughout the supply chain is pressure from customers. Over 50% of respondents declare that they were pressed to take action by needs and demands of their customers.

Companies which have implemented risk mitigation actions throughout their supply chain state they have directly and materially benefited from them in their customer relations and sales trends. They see direct improvements in terms of product quality enhancement (74%), competitive advantage (51%) and brand reputation (42%). From this perspective, only 9% of the respondents feel that the costs of supply chain management are more significant than benefits.

The current economic downturn has resulted in making the challenge of managing supply chain even more hazardous. Needs for cost cutting does not correspond to needs for more control. Trust is always a hot topic in business world, which makes accurate reporting of performance of all the players included in supply chain even more important. The successful companies that operate today and wish to be even better in future cannot leave any risks uncontrolled.
Sponsored article

EUROMONEY RECOGNIZES WOLF THEISS WOMEN ARE LEANING IN

Ira Perić Ostojić agrees: “Wolf Theiss extended itself to accommodate my needs and those of my colleague, Dora Gaži Kovačević, in our then new roles as mothers. We presented the firm with business plans to open offices in Rijeka and Split, cities where our family support is located. We demonstrated that the offices could position us to better serve clients and grow the practice. That is exactly what has happened.”

Flexible working hours and reduced schedules have also been introduced in an effort to help female lawyers “lean in” to career opportunities without being put on a secondary track. Flexible working arrangements are also available for male lawyers.

Vedrana Iveković, the longest tenured lawyer in the office is also supportive: “Flexibility has proven to be very important to our efforts to recruit top talent and to retain and place women on the promotion path.” Jelena Orlić, the most recent female addition to the team, noted: “It is clear that Wolf Theiss is a place that wants women to have a leading place at the table, and that really attracted me.”

These efforts were recognized at Euromoney’s “European Women in Business Law Awards 2013” event, where Wolf Theiss–Zagreb Branch won the “Best in Croatia Award”. The award celebrates the achievements of law firms setting standards for female-friendly work practices.

Ana Grubešić, who accepted the award on behalf of the office at the London celebration, commented: “We are particularly pleased to be recognized as a firm setting important precedents for fairness and equality. We hope other Croatian law firms will be encouraged to follow our example.”
EVENING FOR SAFE STEPS

November 15, 2013

AMCHAM ORGANIZED THE 12TH CHARITY gala evening for a mine-free Croatia - the “Evening for Safe Steps”. This gala event gathered 300 guests from the Croatian business community, government, international organizations and diplomatic corps.

Its continuity and importance make this event a widely recognizable project in Croatia. All of the funds collected during the event through ticket sales and direct donations will be matched by U.S. funds through International Trust Fund (ITF). This year’s dinner will benefit mine clearance efforts in Vukovar-Srijem County. From 2001-2012, the amount of HRK 6.9 million has been collected for demining different areas in seven Croatian counties. The dinner was an evening to remember thanks to the participation of our valuable event partner, the Pops Zagreb Philharmonic Orchestra.
Charity gala dinner Evening for Safe Steps 2012 raised over HRK 500,000 for demining more than 52,000 m² in the County of Šibenik-Knin.

The funds raised on the occasion of the 11th charity gala dinner Evening for Safe Steps were used for demining more than 52,000 m² of land east from Gračac, near the city of Skradin in the County of Šibenik-Knin. AmCham Croatia organized the charity dinner, and the US Government is the biggest donor to the project.

Upon the completion of works, Dražen Jakopec, the Director of the Croatian Demining Center, officially handed over a certificate of demining of the land in question to Andrea Doko Jelušić, the Executive Director of AmCham Croatia, Margaret H. Nardi, Deputy Chief of Mission at the Embassy of the United States of America in Croatia, and Goran Pauk, the County Prefect of the County of Šibenik-Knin. The total donations, raised during the charity dinner and through direct donations and multiplied by the US Government through the ITF - Enhancing Human Security, amount to more than HRK 520,000.

Demining of the area will provide access to arable land, as well as safe movement of residents and tourists.
GORSKI KOTAR IS A MOUNTAIN REGION OF CROATIA situated between the coast of Kvarner and the valley of the river Kupa. The mountain Velika Kapela connects Gorski Kotar to Velebit. Both areas are very interesting despite their karstic relief, offering numerous possibilities for hunting, mountaineering and other sports. The pleasant summer temperatures appeal to those not overly fond of the Mediterranean summer heat, and the winter snow makes it a ski paradise. There are also numerous rivers and streams, picturesque valleys, lakes and caves for the more adventurous. The hotels, apartments and rural households will offer a warm welcome to all visitors.

GASTRONOMY
The food in Gorski Kotar is rather sound and spicy, with strong smells and flavors, because this area never has very high temperatures, differing therefore from the Mediterranean gastronomy, which needs to be light because of the heat. The kitchen of Lika and Gorski Kotar abounds in cereals, meat and milk. One of the meat specialties of Lika is lamb on the spit, and in Gorski Kotar you should try the game, including the dried meat like deer or boar. This area also offers frog legs, which are usually fried. It may sound unusual, but it is worth trying. Mushrooms must be mentioned as well - sometimes as an ingredient of fine sauces, but also as the main dish, because they have a very strong flavor. And at the end, in both areas you should try apple or cheese strudels, and in Gorski Kotar also strawberry, blackberry and mulberry strudels. Various sweet liqueurs are also made of those berries.

SPORTS ACTIVITIES IN THE OPEN
When talking about sports in Lika and Gorski Kotar, we suggest you spend as much time in the fresh and unpolluted air, which recuperates and brings back the strength. In Lika you should take a walk in the National Park Plitvice and its centenary woods and you can also practice mountaineering and free climbing or go to the river Korana for rafting. Gorski Kotar has been attracting fans of active holidays for years, and there is The Croatian Olympic Centre on the mountain Bje-
town Slunj in the north western Croatia. Slunj is, besides being a transit town on the road Zagreb-Zadar, also a historical place first mentioned in the remote 14th century, and Drežnik is, though tiny, known for its ruins of a medieval castle from 1278, which was a stronghold of the noble families of this area. Drežnik is a nice stop-over on the journey from the continental towards the coastal Croatia, and a good place to have a rest. Apart from its abundant choice of dishes, notably game and fish, the surroundings are very pretty and offer a charming experience.

THE SIXTEEN LAKES OF PLITVICE-LIKA The Lakes are divided in two groups: The Upper Lakes (12) surrounded by a vast forest are larger and quieter, whereas four Lower Lakes are situated beneath the steep rocks emerged in bushes. The Lakes of Plitvice offer the visitors kilometers of paths arranged for walks, most of which in the form of small wooden bridges hover over the surface of the lakes and connect the shores in a winding pattern.

SLUNJ-LIKA The small town situated on the river Slunjčica close to its confluence with Korana, known for its beauty, Slunj offers its visitors several points of interest. First of all, there is the rich historical heritage with a fortified town from the 1323, as well as a very unusual hydrographic phenomenon known as Rastoke - a fairy tale watermill village. In Rastoke you can find houses over 300 years old, restored in the old manner and surrounded by gardens full of flowers and bushes, and you will fall in love at first sight, wishing to stay for the night. Therefore, if you are travelling towards the south and Dalmacija, take a break in the area of Slunj, go rafting - rent a kayak or a canoe, and try the cataracts of Korana, not forgetting to savor the fish and game specialties - we are sure you won’t regret it.

NATIONAL PARK RISNIJAK-GORSKI KOTAR The National Park Risnjak dominates the north western part of Gorski Kotar and takes up the central, most elevated area of this massive. Also a 4 km Didactic Path has been built. In the Park one can see a specially protected, beautiful and fragile flower runolista (Edelweiss), often hidden in the snow, whereas the park was named by the beautiful wild cat called ris (lynx), a protected species in danger of extinction.

LOKVE-GORSKI KOTAR Lokve is best known for its large artificial lake called Omladinsko jezero (The Youth Lake). Various competitions are held on the lake, and some diving competitions take place too, like orientation diving. But this is not all, for the lovers of speleology there is also the karstic cave Lokvarka, and for those fond of long walks in the green countryside there is the forest grove Golubinjak, where you will encounter its queen - the oldest fir tree, over 250 years old.
Healthcare in the Bio-Century

by Amgen d.o.o.

The Biotechnology Revolution of the last three decades has allowed us to understand and combat disease better than ever before. Advances such as DNA sequencing, stem cell induction and gene therapy have the potential to transform people's lives more than at any time in history. Ours is the Bio-Century, and it’s only just begun.

Modern biotechnology is founded on the discovery of the structure of DNA in the early 1950s. DNA is the blueprint for any life form, with the information encoded in four nucleotides. Like letters of the alphabet, the order in which they appear forms different genes, each with instructions for expressing a specific protein. Proteins are the workhorse molecules of life - enzymes, signaling proteins, immune system proteins such as antibodies, and structural proteins that shape cells and organs.

The genes in a cell’s DNA can be turned on or off depending on its function and needs, and many diseases result from genes being turned on or off improperly. Biotechnology can reveal such defects and their related target molecules. Targets are often involved in signaling within and between cells to control processes such as division, differentiation and cell death. Where a target is present in excess, the goal is to prevent it interacting with other molecules; where it’s deficient or missing, the goal is to enhance or replace it to restore healthy function.

Cancer research has been at the forefront of using bioinformatics, biomarkers and protein studies to develop therapies that target cellular processes, such as monoclonal antibodies. The aim is to develop a drug that affects the target in a way that modifies the disease while minimizing unwanted side effects.

Researchers begin by exploring the molecular biology underlying the systems a disease affects in order to define the most promising target molecules, using technologies such as microarrays, protein electrophoresis, mass spectrometry, DNA sequencing and computer imaging. This can take years, as cellular interactions are complex, with several points at which intervention is possible.

Once a target’s role in the disease process is determined, its suitability for intervention is confirmed. After studies to identify the compounds, antibodies or genes that can modulate the relevant pathway, large batches are tested for their ability to block or stimulate the target molecules. The next step is often to optimize the most promising by changing their structure through combinatorial chemistry, protein engineering and other strategies.

Manufacture is challenging because proteins vary in structure and are often highly sensitive to environmental conditions. Cells are used to generate the master cell line from which the protein is isolated, purified and prepared as a medicine.

Biotechnology’s potential will in part be realized through advances in personalized medicine, with therapies tailored to each patient’s genetics and health characteristics. Biotechnology is also revolutionizing the diagnosis of genetic diseases. Early diagnosis and treatment is often the key to preventing disease or slowing disease progress, and new tests can detect changes in DNA sequence that can predict the likelihood of developing a disease. Such tests promise more effective, individualized healthcare and advances in preventive medicine.

Current areas of research include gene therapy, in which new, functional genes are inserted into cells to replace defective genes, and stem cell therapies. Stem cells are cells that can be grown in a lab to mature into organ-specific cells for surgical implantation to replace diseased tissue with healthy tissue. Nanomedicine is another promising field, which involves manipulating molecules on an atomic scale.

The high demand for new biologic medicines has profound implications; in Croatia as elsewhere, the healthcare system is under pressure to balance patients’ access to innovative medicines against the costs and quality of treatment and care.

Given the enormous investment required to discover and commercialize innovative drugs, more attention is being paid to their real-world health benefits, the efficiency of their development and manufacture, how they are administered and any other obstacles to their being made safely available to everyone who needs them.

The biotechnology industry therefore strives to develop medicines that are clearly differentiated in their therapeutic value, and with compelling health economic evidence of the value they add to the healthcare system as well as the patient.

Biotechnology is proud of its contribution to improving human health, and its success in innovating medicines that make life better for millions. But as with all new fields of research, the more researchers discover, the more they realize how much is still to learn. Even now, the human body is far more complex than we have measures to fully describe, and the industry continues to push the frontiers of scientific inquiry in its mission to serve patients.
CROATIAN MINI FISCAL CASH REGISTER - BEST APPLICATION ON POS DEVICES

The Mini Fiscal Cash Register, a solution jointly developed by Etranet Group and Hrvatski Telekom, has received an award for best POS device application in 2013. In the course of CARTES - the world’s leading event in secure solutions for card payment, held from the 19th to the 21st of November in Paris, the award was handed over by Philippe Lazare, CEO of Ingenico company – the leading international provider of payment solutions.

Damir Lesničar, General Manager of Etranet Group on this occasion pointed out: „We are very proud of this achievement; this award for the Mini Fiscal Cash Register shows that POS devices can be used with great success for purposes other than card payments“. „We are extremely proud of this award which bears testimony to our orientation towards innovation development and service design, also attesting to the enormous efforts we made in cooperation with Etranet Group in the creation of this solution. It is with great pleasure that I can say that our customers have embraced this service, making the Mini Fiscal Cash Register one of our most popular ICT services“, said Mirela Šešerko, Operating Director of the Information and Communication Technologies Business Solutions Sector at Hrvatski Telekom.

The Mini Fiscal Cash Register is a mobile, simple and cost-efficient solution enabling users to issue receipts from any location. The service is available to everyone, from companies dealing with mobile sales for the most demanding customers to small crafts on farmers’ markets. Access to detailed reports on receipts issued and a cash register backup copy is always available to customers in the Cloud application.

CASHFOND NALOG

CashFond nalog is an attractive service available to all legal persons to optimize short-term surplus liquidity management efforts. This is a kind of standing order which is indented for purchase of units in Raiffeisen Cash HRK cash fund.

When entering into agreement on CashFond nalog, the client defines the maximum balance of cash to be available in the transaction account. The minimum requirement for purchase of units is HRK 2,000.00. If there is no minimum balance required for unit purchase over the defined maximum available balance in the account, the CashFond standing order will not be executed.

This service complements the range of services provided by Raiffeisenbank Austria d.d. (RBA) and Raiffeisen Invest. It offers customers the convenience of independent management of their own liquidity, facilitating changes of the maximum balance for purchase of fund units and saving time with the standing order arrangement.

KARANOVIC & NIKOLIC TAKE A PROACTIVE STANCE ON THE PROTECTION OF IP RIGHTS

Josip Marohnić, ovdjentnik/attorney at law in cooperation with Karanović & Nikolić was recently appointed to the 2014/2015 Young Practitioners Committee at the International Trademark Association, a leading advocate for the interests of brand owners. With this appointment, the firm will actively participate in policy development and advocacy within one of the most prestigious intellectual property associations working to foster effective trademark laws and policies worldwide and harmonize their implementation. The firm will have the chance to share its unique regional perspective and to share information and knowledge with the members of this committee which will benefit the services, issues and policies being offered and developed in Croatia, effectively setting boundaries for intellectual property practitioners and shaping the future of intellectual property practice in the legal profession.

With intellectual property often accounting for a significant portion of a company’s value, and the fact that it is an intangible asset that often provides a company with competitive advantages, the need for constant proactivity and robust protection regimes and enforcement of rights at a local level is more important than ever. With the recent accession of Croatia to the European Union, this is an ideal moment to review and assess the legal environment and current relationships with European intellectual property bodies and to unify efforts to ensure further economic integration, which can be benefited by the process of harmonization of trademark systems and Community Trade Mark Regulation.

BIOTECH PIONEER AMGENLaunches new Zagreb Affiliate

It is always good news when a US-headquartered company sets up an affiliate in Croatia, but especially so when its purpose is to serve Croatian patients with serious illnesses.

That is the case with Amgen, the California-based pharmaceutical company at the cutting edge of the biotechnology revolution in modern healthcare. Independently ranked as one of the world’s most future-oriented enterprises, Amgen was founded in the 1980s to pioneer new types of medicine based on advances in recombinant DNA and molecular biology. Today, the company dominates this specialized field, with more than 17,000 employees in over 50 countries – including Croatia, as of next January.

The inauguration of Amgen Croatia is the latest milestone on Amgen’s journey to full globalization, with the official opening of the new affiliate’s offices in downtown Zagreb in October. Hosted by the Amgen country manager for Slovenia, Sanja Cerovac Vodičar, who oversees operations in the new affiliate, the launch event was held in Zagreb’s thriving new cultural center, the
Lauba Contemporary Art Gallery.

“It was the perfect opportunity to bring together leading Croatian clinicians with the Amgen people who worked so hard to establish our operations here since Croatia joined the European Union in July,” said Cerovac Vodičar, who is Croatian herself. “The passion for innovation that we bring to our role was extremely well received by our guests, and provides a solid foundation for our future here.”

Vice president of Amgen Europe Carsten Thiel summarized the history of Amgen in Europe and the company’s contribution to the biotechnology revolution. “Although Croatian patients have until now had access to some Amgen products through our partners,” said Mr. Thiel, “offering our medicines directly through the new affiliate allows us to take our rightful place in Croatia’s healthcare community and to strengthen our relationships with clinicians and policymakers.”

“We operate in the spirit of Andrija Štampar, the great Croatian epidemiologist who co-founded the World Health Organization,” said Cerovac Vodičar. “His definition of health in the WHO Constitution - ‘a state of complete physical, mental and social wellbeing, and not merely the absence of disease or infirmity’ - is what we all aspire to, and what unites us with the clinicians of Croatia and their patients.”

WHERE IS EUROPE’S “GOOGLE”? - HOW TO SUPPORT INNOVATIVE ENTREPRENEURSHIP AND START-UPS

Webster Vienna’s 6th Alumni Symposium took place on November 5. Young entrepreneurs and business representatives from different European countries discussed the importance of having a spirit for innovation, start-ups and sustainable leadership.

An audience of more than 200 enjoyed a unique panel discussion led by Dr. Eric Frey, Managing Editor of Der Standard and Webster adjunct professor. “Europe is doing well in traditional engineering and design, but when it comes to innovation it is far behind the US. Even its advantage in mobile telecommunications has disappeared. There are fewer start-ups and, as the Economist noted a while ago, start-ups don’t grow up to become billion-dollar companies, unlike their US counterparts Apple, Google, Facebook, etc.,” Frey stated.

In the discussion, he addressed the specific factors that lead to technological and entrepreneurial innovation, and made comparisons between the US, Europe and Asia.

Vlad Gozman, Co-Founder of TEDx Vienna and Associate Investment Manager at i5invest, does not believe in a formula for becoming a successful entrepreneur. “When you look at those who have become successful entrepreneurs, you see that the paths they pursued were as unique as the entrepreneurs themselves.”

Richard Ludmer, Co-Founder of Step-by-Step-Guides, knows from personal experience about the challenges of European start-ups: “It’s difficult for start-ups in Europe to grow as fast as start-ups in the US can easily roll out one product or service to the entire US market with only minimal or even no adaptations.”

Daniel Horak, Founder of CONDA Business Consultancy GmbH, thinks that it all begins with the educational system - entrepreneurship should be a key topic at every high school and university! Following a Q&A session, the search for the “European Google” was further discussed over drinks and a buffet with plenty of networking opportunities.

WESTERN UNION REWARD TO CROATIAN POST

Awarded long-time successful cooperation and excellent business results

The Croatian Post has been awarded a prize from Western Union, a major international company for cash money transfer, for the long-time successful cooperation and continual increase in number of transactions. The prize was delivered by the Western Union Director General for South-East Europe Nogay Kanpolat, and received on behalf of Croatian Post by Ms. Marijana Miličević, Network Division Executive Director, and Mr. Josip Udiljjak, Post Division Executive Director.

From 2008 to 2013, the Croatian Post has achieved a constant annual growth between 15% and 18% in the number of transactions. Last year, the Croatian Post received recognition from Western Union for the technical advancement of the Western Union service, which significantly contributed to service quality due to faster processing of money orders. Also, in July this year, the service was further improved by introducing the SMS information for senders of money orders about performed service.

Money sent through Western Union can be collected only minutes after payment at more than 480 thousand locations in 200 countries around the world thanks to up to date technology and a unique computer network. The service is ideal in case you need to urgently send money to your family or friends in any part of the world, help passengers in urgent situations or ensure a smooth business.

AVON CONTINUES ITS CHARITY WORK IN THE FIGHT AGAINST BREAST CANCER

The cooperation of Avon and the association SVE ZA NJU has been supporting, with monetary donations, the Center for Psychological Assistance for female cancer patients and their families for the fourth year in a row.

Avon is, with its donation of HRK 100,000.00, once again a proud donator and partner of SVE ZA NJU – an association for women suffering from breast cancer and their families and friends, that in a very professional, transparent and selfless way helps in the fight against this malignant disease. Avon and SVE ZA NJU share a main goal: raising awareness about the importance of regular exams and early detection of breast cancer. This year’s donations will help to support the continuous work and efforts of the Center for Psychological Assistance for female cancer patients and their families.
“Numbers show that every year about 2,300 women in Croatia are diagnosed with breast cancer, and last year more than 1,000 women passed away from this disease. It is important to say that each of us is responsible for our own health and that regular ultrasound exams can detect breast cancer on time, which is the main factor in treating it successfully”, said Almenka Balenović, president of the association SVE ZA NJU.

Everyone can participate in helping. Products marked with the pink ribbon are offered in every Avon brochure, and with each order of those products you are supporting our fight against breast cancer. “I am proud of our Avon Ladies, who contribute to each donation and have become a part of this charity family themselves. At Avon, we think of women and work for women, from opportunities for their financial independence, to providing support through tough moments such as those when facing the wicked disease of breast cancer, or in the fight against domestic violence”, said Vladimir Nešović, Head of Sales for Croatia.

SKYPRIORITY – A NEW SERVICE OF SKYTEAM NETWORK

Air France KLM and Delta make up part of SkyTeam, a global airline alliance providing customers everything from member airlines access to an extensive global network made up of 1,024 destinations in 178 countries. Passengers can earn and redeem Frequent Flyer Miles throughout the SkyTeam network. The 19 SkyTeam member airlines offer customers over 530 lounges worldwide. The SkyTeam philosophy “Caring More About You” is applied by all airline members. The unified SkyTeam livery, together with a new service called “SkyPriority” serves as further proof of this consistency.

SkyTeam is the only airline alliance offering a standardized set of priority airport services called SkyPriority. SkyPriority offers a red carpet-like airport experience to all Elite Plus clients and travelers flying in La Premiere and Business Class, as well as Air France passengers flying Premium Eco. This service includes: dedicated check-in, priority baggage handling, priority boarding, priority at ticket and transfer desks, and fast-track security clearance.

Thanks to SkyPriority and its dedicated signs, the journey throughout the airport is faster, easier and more visible, from check-in to luggage delivery.

THE AMERICAN COLLEGE OF MANAGEMENT AND TECHNOLOGY CHANGES ITS NAME TO RIT CROATIA

As a global campus of the prominent American university - Rochester Institute of Technology (Rochester, New York) - the American College of Management and Technology (ACMT) has changed its name to RIT Croatia (Rochester Institute of Technology Croatia). The reason for this change is to more clearly communicate and emphasize the affiliation of this higher educational institution with its parent institution, Rochester Institute of Technology (RIT). This brand evolution to RIT Croatia recognizes RIT’s long-term commitment to its Croatian global campus and emphasizes the high educational standards of this leading American university.

Don Hudspeth, president and dean of RIT Croatia, said: “We have always been part of the Rochester Institute of Technology and by taking the name of our globally recognized mother institution, this connection and its significance will be more clearly perceived. Croatia’s recent EU membership will bring many changes and opportunities to our country and higher education. RIT is aware of the positive impact that EU membership brings to its members, and they have recognized the opportunity for strengthening our position in Europe. RIT Croatia will be positioned as the leading campus in Europe. RIT Croatia will attract students from many countries and present RIT as one of the top US Universities within the continent. Our name change is an important step in achieving that goal.”

Rochester Institute of Technology is one of the leading universities in the U.S., and is internationally recognized for providing innovative, career-oriented education. Founded in 1829 and with a current enrollment of 18,000 students, RIT is the 10th largest private university in the United States of America. Its nine colleges offer more than 230 programs. In the past 10 years, the reputation and ranking of Rochester Institute of Technology in the United States and worldwide has increased significantly. RIT’s goal in the next 12 years is to become ranked among the top 100 universities in the USA, from among approximately 2,500 institutions registered in the United States.

DOUBLETREE BY HILTON ZAGREB CELEBRATED FIRST ANNIVERSARY

DoubleTree by Hilton Zagreb celebrated its first anniversary in Zagreb on 20 November. The hotel has already made a significant mark on the hotel and tourist scenes. More than 28,000 people from athletic, political and corporate circles have been guests of the hotel’s exceptional service and quality.

Karin van den Berg, General Manager, DoubleTree by Hilton Zagreb, said: “Our DoubleTree by Hilton Zagreb team has been working hard over the last year, making sure that every detail is up to the high DoubleTree by Hilton standards and our results speak for themselves. We are very proud of being ranked among the top 3 hotels in Zagreb according to TripAdvisor. Thanks to a motivated, inspired and dedicated team – this was achieved in just one year!” In its first year of business, the hotel’s restaurant OXBO Urban Bar & Grill, led by renowned Croatian chef Tonislav Nikšić, served more than 10,000 hungry guests. The destination restaurant offers a contemporary menu with popular international dishes and a strong emphasis on
Members News

local Croatian cuisine. The hotel team has also been very active in the community. As part of Hilton Worldwide’s second annual Global Week of Service, the team participated in the Zagreb Marathon, running a total of 286 km to collect approximately EUR 2,000 for Udruga Krijesnica (Firefly Association), which helps children and families facing malignant diseases. The donation will be used to organize a summer rehabilitation camp for children who have beaten cancer and are getting back to normal life. Additionally, the grant from Hilton Worldwide of USD 5,000 will be used for the renewal of the children’s playground at Dječji dom Zagreb, Nazorova, and they will donate their time and hands to finishing this project by spring of next year. The hotel is also dedicated to environmental protection, and has replaced 2,800 light bulbs with energy-saving LED lights, and is planning to replace the rest of their energy saving light bulbs with LED ones by the end of Q2 of 2014.

NEW SERVICES AT SVPETRVS HOTELI

Ever wondered where your comments go? At least once in their lifetime, a guest has been given a service survey at a hotel that he or she stayed in, and at least one point the guest has asked him- or herself - who is going to read this?

Well, here at Svpetrvs hoteli, we read them, diligently, over and over again. They provide something no analyses in the world can - the guest perspective which is the basis of Svpetrvs hotels tradition of excellence.

For more than a decade now, Svpetrvs hoteli d.d. has been listening to its guests, something which has brought us unbelievable results. Svpetrvs hotels are one of 99 best family hotels in the world, number one on Holiday Check, entering their second season of SENTIDO German hospitality concept, and one of top 3 best Eldorador clubs in the world.

Sunconnect - a new hospitality concept, operated by Thomas Cook AG, will be featured in Waterman Svpetrvs Resort starting season 2014. It is a new, fun and smart holiday experience, offering every guest the opportunity to browse all daily activities using a Smartphone or tablet.

Adult time - for season 2014, Svpetrvs hoteli company is opening the first adult-only hotel in the heart of Supetar. This perfect little retreat called Osam, which the public will have the pleasure of experiencing in the summer of 2014, is the only boutique hotel for adults in Croatia. It will feature 30 rooms and suites, a pool area, Jazz rooftop bar overlooking the harbor and an unbelievable à la carte restaurant providing a different cuisine experience.

Happy camper experience - imagine a prime waterfront location with pine trees and a perfect little camp site - that is what Waterman Beach Village Camp will be all about. Svpetrvs is introducing a new camp concept in the season of 2014 and booking has already started! The camping site will feature a pool area, modern 4+2 camp houses with decks, a sea store, restaurant, kids playground and a beach. This gem will be able to accommodate over 200 guests and provide them with the best camping experience – the happy camper experience. Enjoy the island lifestyle!

IBM SOLUTION SUMMIT 2013 - POREČ

On October 24, 2013, IBM Croatia held its eleventh annual conference in Poreč. With a new name and a new concept, IBM Solution Summit 2013 gathered more than 300 participants. Under the slogan “Transforming the Future”, local and international IBM experts, business partners and customers presented insights, solutions and case studies through plenary sessions and four conference tracks.

DNV BUSINESS ASSURANCE TAKES A BROADER VIEW ON CERTIFICATION

Incorporates a widened focus on sustainability in its management system certification audits.

Risk Based CertificationTM is DNV Business Assurance’s approach to management systems certification, and has over the years helped thousands of organizations address specific risks related to their operations. But as the world evolves, the issues that companies have to understand, manage and respond to are also changing. Companies are now increasingly being asked questions about aspects of their performance which were considered out of scope just a few years ago, like ingredient sourcing, supply chain labor practices and water footprinting.

In order to support companies in both managing today’s risk and help them prepare for tomorrow’s requirements, DNV Business Assurance customers will from 2014 have the benefit of an improved audit methodology. The new Risk Based CertificationTM approach will help companies widen the scope of risk considered in a management system certification audit. Not only will they receive a certificate that demonstrates compliance with chosen standards, they will also know that their management system is a solid foundation for more sustainable business performance, and that the appropriate business controls are in place in order to meet stakeholder expectations.

Authorities, customers, interest groups and standardization organizations are all placing greater responsibility on companies in the way they do business. The ISO standards are an important contributor to sustainable development, and the expectation to the coming revisions is that they will improve companies’ ability to build sustainable business performance even further. DNV Business Assurance sees this as very constructive, and believes that our next generation Risk Based Certification will compliment this change and help companies to be better prepared for a transition to the new standards.

DAMIR ZEC
Damir Zec, Country Director, pointed out in his welcome speech that “Five disruptive technologies are fuelling profound change in our world today: Mobile, Cloud, Social, Instrumentation/Sensors and Big Data. They are all developing at “machine speed”, converging at once and having a profound impact on every business, organization and individual!”.

Krešo Perica, IBM CEE, presented insights into recently published IBM C-suite study, a result of a decade of research and 20,000 interviews with C-level executives worldwide, which showed a shift towards a customer-centric enterprise, where successful companies are shaping their future in line with customers’ expectations. This session was followed by a round-table ‘Customer-activated Enterprise’, where leaders of several Croatian organizations concluded that the customers had actually become the executives’ new business advisors.

Rainer Pirker, IBM CEE, MobileFirst Initiative, presented the changes in business trends brought by mobility and the changing behaviors of the clients, stressing the importance of a company’s long-term mobile strategy.

An IBM Fellow and holder of several patents, Kerrie Holley, discussed the next era of computing, with cognitive computing systems becoming able to help people make better decisions by analyzing far greater quantities of data then ever imaginable before. “For example, IBM’s cognitive computer Watson is being used in medicine, in diagnostics, while in retail it helps in customer relations... Our future will be marked by smart computers”, Holley concluded.

NEW PARTNERS AT DIVJAK, TOPIĆ & BAHTIJAREVIĆ LAW FIRM

We are happy to announce Marin Vuković, Mario Krka and Mate Lovrić as new partners at Divjak, Topić & Bahtijarević Law Firm. Over the years, the firm has engaged continuous efforts to raise professional standards, combined the best local and international knowledge and focused on positive energy and innovation.

Our success is greatly supported by our junior and senior associates, and all other team members, with Marin Vuković, Mario Krka and Mate Lovrić most accurately representing our core values and company culture.

It is our firm belief that this appointment of our new partners means a step forward in terms of offering better service to our clients, and we are looking forward to new accomplishments.

Marin Vuković has gained reputation by working on domestic and cross-border transactions, with particular interest in greenfield investments, energy projects and commercial facilities. Within the Real Estate and Project Investments practice group, Marin advises local and international entrepreneurs on a daily basis, with special focus on the development of touristic and infrastructure facilities.

Mario Krka is engaged in all aspects of commercial law. Mario’s extensive experience within Divjak, Topić & Bahtijarević Law Firm is focused on real estate, in particular commercial leases, PPPs and M&A advisory, including competition aspects. In 2011, Mario completed a post graduate program at Bucerius Law School and WHU – Otto Beisheim School of Management in Hamburg, Germany.

Mate Lovrić is a member of M&A practice group at Divjak, Topić & Bahtijarević Law Firm, with experience in major M&A deals in Croatia. Mate supports clients in all aspects of an M&A transaction, with most output being provided in terms of regulated industries, financing of infrastructural projects, sensitive shareholder relations and management models of strategic companies.

1ST INTERNATIONAL CONTROLLING CONFERENCE IN CROATIA (1ST ICCC) HELD IN ZAGREB

November 5 was a great day for controlling in Croatia, given that the 1st ICCC attracted over 150 attendees to the Crystal Ballroom at Westin Hotel Zagreb. Croatia has finally joined the club of ICV member countries holding annual international controlling conferences under the auspices of the ICV – International Controller Verein (International Association of Controllers).

The conference was organized by the controlling consultancy Kognosko, and the publishing house Lider. This was a giant step for Croatian controlling, considering that, in this way, Croatia has become part of a global mechanism for the transfer and communication of the latest insights and achievements in the field of controlling. The conference aimed to have the best controlling practice introduced to the economy of Croatia and the region as quickly and painlessly as possible.

The speakers were from Germany, Austria, Poland, Russia, Slovenia, Bosnia and Herzegovina and Croatia. Mr. Walter Schmidt, a member of the Board of the ICV, highlighted that controllers should be sparing partners who warn of future problems on time. Controlling focuses on targets and objectives, not on figures; it is a management process and teamwork.

This packed, whole-day event and gathering of proprietors, managers and controllers closed with the conclusion that the bar has been raised significantly, that countless questions have been put forth and innumerable answers given, and that an abundance of novel ideas for the improvement and advancement of existing models, procedures and processes has been presented. There is no doubt that this conference will inspire many to rethink their possibilities and make improvements, which is what the conference aimed to achieve. The 2nd ICCC has already been announced for November 5, 2014!
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AND A HAPPY NEW YEAR!