AmCham Competition Conference
Judicial Reform
Lunch with the Deputy PM Milošević
Patron membership category will bring you many great advantages and additional promotion for your company. The Patron category, in addition to all AmCham benefits, entitles you also to:

- 5 free of charge participations, within a year, at regular AmCham events for company representatives (except charity gala dinners)
- Logo displayed at all events
- Logo displayed in all AmCham publications
- Logo displayed at AmCham website with a link to your website
- Special event

If you would like to join or upgrade your membership to Patron category, or need any additional info, please contact AmCham office.
Dear Members and Friends,

The ‘if you build it, they will come’ principle was first espoused by American President Theodore Roosevelt a century ago with reference to the Panama Canal. The phrase was made famous in the movie Field of Dreams in which Kevin Costner’s character hears the message and builds a baseball field in the most unlikely place, on his farm, which then attracted historic Chicago White Sox players and thousands of people from afar who came to watch them play baseball there.

If we build an investment climate that is conducive to business, US investors will come to Croatia. Whilst there may have been unrealistic expectation that the Ron Brown Forum would immediately open the floodgates for American companies to invest in Croatia, it achieved its purpose in identifying the challenges that US investors face, including predictability, transparency and efficiency. To paraphrase US Ambassador James B. Foley’s summation at the Forum, government and business agreed on what had to be done and now we are doing it. We have intensified the public-private dialogue which began at the forum. This is evidenced by AmCham’s activities since the Forum and which appear in the pages which follow.

Within days of the Ron Brown Forum, AmCham’s guest speaker at our business lunch was the Minister of Justice, Dražen Bošnjaković who spoke about judicial reform and addressed the legal impediments that US business people such as Robert Benmosche, CEO of AIG raised at the Ron Brown Forum. In keeping the momentum going, we invited Deputy Prime Minister for Investment, Domagoj Ivan Milošević to also address our members on the topic of removing obstacles to investment.

AmCham has also had its finger on the pulse with Davor Štern analyzing the energy sector at the height of the global energy debate sparked by the disastrous events in Japan. Then, with the start of the tourist season, our Tourism Committee hosted a Power Breakfast with Tourism Minister Damir Bajs during which our members openly discussed ways to improve matters in this sector. Our inaugural Competition Conference brought together the big players in the field from both the private and public sectors who in panel discussions thrashed out problems and solutions in this very important area for business.

AmCham, in partnership with the US Embassy and along with our colleagues from other foreign business organisations is working hard to build an investment climate so that US and other investors will come to Croatia.

Don Markušić, Solicitor and AmCham President

Don Markušić
Solicitor/AmCham President
AmCham’s Tourism Committee came of age in May as one of the Chamber’s newest committees hosted Tourism Minister, Damir Bajs, at their recent breakfast meeting.

The Committee’s Chair, Dubravka Davidović, outlined the aims of the committee to the Minister as being to provide a consultative body for state agencies involved in tourism: “We represent a pool of domestic and international experience dedicated to further enhancing tourism’s contribution to GDP. We have a vested interest but are of the belief that everybody’s boat rises with the tide. We urge the public sector to draw upon this experience to add to the debate to give real swell to a sector with considerable potential to show dramatic growth”, she said.

Ms. Davidović noted the key areas of concern as being an all-too-short coastal tourism season with no apparent government-led strategy to address this, a lack of ambition to establish Zagreb’s potential as a global player in the city break and convention markets and a chronically over-regulated business environment stifling new multi-sector investment which would result in the growth of non-discretionary business tourism and enhanced tourism infrastructure.

The committee’s educational programme was highlighted as an area that required Ministerial support to get off the ground. Your Smile, Our Pride is a one-day training course designed to bring those people on the periphery of the tourism business, like retailers, police and taxi drivers, into the tourism ‘family’.

While acknowledging the challenges, the Minister was at pains to point out the successful successive coastal seasons Croatia has enjoyed: where Spain and Portugal were experiencing problems and adopting deep discounting to regain market share, we were seeing growth; European hotels saw revenues slump by some 18% in 2009, Croatian hotels saw growth of 3% in the same year. This was a clear vindication, he claimed, of the strategy to position Croatia as a ‘lifestyle’ destination, rather than a cheap one. That being said, he was aware of the problems tourism faced, he said, but – in what was deemed by several of the attendees to be a quite startling statement – he was a politician and, as such, represented the public sector, not the private.

Bajs did, however, stress government’s commitment to supporting the industry as whole. He cited recent advertising campaigns and excellent relationships with Europe’s top tour operators as a demonstration of this, together with his department’s very close cooperation with Deputy Prime Minister Milošević to remove obstacles to investment in tourism infrastructure.

As the floor was opened, so too were the floodgates as members were keen to impress their real-life experiences on the Minister. It was acknowledged that national government was committed to facilitating inward investment but this policy was not translating into practice at ground level. Layers of bureaucracy steeped in inefficiency or nefarious practice were seriously hampering projects; one example was given where delay in permits by a local official was clearly motivated by an outrageous conflict of interests.

Essentially there is a mismatch between the new legal framework supposedly easing up development in tourism zones and established spatial planning legislation. What has been allowed by new enactment remains in contravention to the old and this appears to be confusing government itself: ministerial praise was heaped on a new proposed development recently for it only later to be discovered that the development was in contravention of local planning policy. The same is true with the issue of sub-divided ownership – the law prohibits this crucial enabler for resort project realisation but government ministers say it can be done.

The call, therefore, was for greater transparency, more legal consultation and the establishment of a working group made up of investors and government with the aim of pushing through the roadblocks. There is a real urgency to stop the competitive loss that Croatia is experiencing as investors go elsewhere in the region in frustration – an extensive project like Porto Montenegro has gone from concept to operation within 5 years whereas, in Croatia, there are numerous examples of projects wedged between the un-oiled wheels of bureaucracy for the same period.

Minister Bajs reiterated government’s commitment to improving the investment climate and expressed interest in maintaining regular dialogue to share ideas and monitor progress.

Watch this space.
The Brown Forum: U.S. & Southeast European Trade and Investment
Dubrovnik, Croatia, April 4–6, 2011

To mark the 15th anniversary of the trade mission led by Secretary of Commerce Ronald Brown that ended in tragedy when the plane carrying the delegation crashed on approach in Dubrovnik in 1996, the U.S. Embassy in Zagreb, the Croatian President’s Office, the Croatian government and the Croatian Employers Association jointly organized The Brown Forum: U.S. & Southeast European Trade and Investment in Dubrovnik, Croatia April 4-6. With significant and generous support from the American Chamber of Commerce in Croatia and other local and international business organizations, the Forum successfully brought many of the most pressing issues facing international companies and investors operating in Southeast Europe to the forefront of the discussions about improving the commercial environment in the region.

The Forum provided a unique opportunity for over 200 government and business leaders from seven countries in the Southeast European region and the United States to come together for a wide ranging dialogue about improving the attractiveness of Southeast Europe as a destination for foreign investment and trade. With over 60 U.S. businesses and over 80 regional businesses represented at the Forum, the event also promoted direct business to business contact to explore partnership and investment opportunities.

Croatian President Ivo Josipović, Croatian Prime Minister Jadranka Kosor and U.S. Ambassador to the Republic of Croatia James B. Foley presided over the official opening on April 5. Over the next two days, substantive panel discussions highlighted challenges to, and opportunities in, the regional business and economic climate.

To facilitate the ongoing implementation of the ideas and mission of Secretary Brown and the Forum, an Action Plan was released at an April 5 press conference outlining recommended reforms for the region’s governments and business leaders to improve the business and investment potential in the region.

The Action Plan is an important guideline for future action and discourse on the issues of importance to AmCham and we reprint it below to remind and encourage all the members to seek and support efforts to achieve these goals.

Action Plan to Stimulate Business and Economic Growth in the Southeast European Region

We, the participants of The Brown Forum, government and business leaders of the participating countries, Acknowledging the goals of the 1996 trade mission led by Secretary of Commerce Ronald H. Brown to promote democracy, peace and stability by revitalizing international trade and commercial ties in the region,

Undertake to actively seek and develop ways in the next twelve months to support the further reform of the business and economic climate in the countries of Southeast Europe in order to make the region a place sought out for international trade and investment and to encourage necessary job growth and prosperity to improve the lives of all the peoples of the region.

Specifically, we recommend:

• Simplifying administrative and bureaucratic procedures to increase the efficiency and speed of business related to permitting and processing. Harmonizing the work of government agencies and ministries involved in business investments, promoting a one-stop-shop approach to managing investment.

• Continuing and enhancing efforts to root out corruption in all sectors.

• Strictly enforcing laws to protect investors and their intellectual property rights. Improving the efficiency and transparency of mechanisms to resolve commercial disputes.

• Eliminating unpredictable and non-transparent taxation and making those remaining fees rational and fully transparent. Promoting a tax environment that encourages business competitiveness.

• Increasing support for prospective investors by enhancing transparency and pursuing a more cooperative approach when working with companies to resolve disagreements.

• Increasing public and private investment in education and training in order to cultivate and maintain an efficient workforce, including promoting life-long learning and training, emphasizing English language skills, and cultivating modern business practices and managerial skills.

• Increasing private investment in research and development in order to promote innovation in a competitive market and connecting the private sector to the science and technology institutes in the public sector.

• Increasing the availability of accurate, up-to-date information for financial records of companies as well as accurate land registry information.

• Enhancing creative use of public-private partnerships and greater commercial utilization of state-owned properties and enterprises through privatization or other means.

• Increasing the availability, variety and quality of financing for regional entrepreneurs and small and medium sized enterprises.

AMBASSADOR FOLEY, PRIME MINISTER KOSOR AND PRESIDENT JOSIPOVIĆ
AmCham Croatia Executive Director, Andrea Doko Jelušić, participated at the annual conference for European AmChams in Dublin, Ireland. AmChams in Europe are currently the biggest hub of AmChams worldwide with 44 members since recent membership approval for two new members: Estonia and Montenegro. At this annual conference, hosted by AmCham Ireland, 33 participants from 28 AmChams shared best practices, exchanged business information, increased their cooperation and initiated joint projects. On this occasion directors held an AmChams in Europe Board meeting, discussing the future of the AmChams in Europe Secretariat, a presentation of the budget for 2010 and 2011, membership fee system changes for 2012, communications update on publications and the website and AmChams in Europe future meetings.

The annual meeting also included workshops on talent development and leadership, a business lunch with senior executives of US companies in Ireland, an evening reception with the US DCM to Ireland and a dinner tour of the Guinness Storehouse.

Best practices session
The best practices session started with a publications overview presented by AmCham Poland.
Dorothy Dabrowski (AmCham Poland) gave a very clear presentation on key success factors for profitable publishing and strategies for a comprehensive communications mix.
Jake Slegers (AmCham Slovakia) gave an interesting presentation on Business Academic Cooperation in practice, with constructive examples from his AmCham. Since education is playing an increasingly central role in national competitiveness and economic development, business and industry often lead the way in affecting change within the educational system. Jake presented how AmCham Slovakia’s Business/Academic Cooperation Committee is collaborating closely with the Slovak Government, the Slovak Ministry of Education and universities to have a positive influence on the legislative, educational and economic environments in Slovakia and the region. Some members already do a great deal with Business Academic Partnerships, such as AmCham Netherlands and AmCham Romania and it has proved to be a very positive way of profiling AmCham. For successful work, Jake has allocated 50% of one employee for this committee.
Weston Stacey (AmCham Czech Republic) gave an informative presentation of an economic policy research study and similar competitiveness surveys. AmCham Czech Republic has successfully published a country competitiveness study including statistics as well as legislative and policy analyses. The discussion during this session showed that many AmChams publish Business Confidence reports with some policy recommendations. AmCham Czech Republic has cooperated with other AmChams in the past for this kind of study (i.e. AmCham Bulgaria). The next study is planned for 2011-2012.

During the conference, the leading US companies of the ICT and pharmaceutical sector operating in Ireland presented the advantages of investing in Ireland from their perspective. Ireland dedicates 1.6% of GDP to R&D, with a strong focus on ICT and biotechnology (pharma-, nanotechnology), and in those areas they are competitive even with the US (Ireland is 3rd in the world concerning citations in nanotechnology). Being a small country is considered an advantage due to the concentration of expertise, and there is also a strong cooperation between the government, universities and industry. Since 1960 Ireland has received 600 US investments and this year Intel alone plans to invest 500 million USD. The AmChams in Europe annual meeting coincided with AmCham Ireland’s 50th anniversary celebrations.

UPCOMING AMCHAM EVENTS

13 SEPTEMBER
AmCham Lunch with President Josipović

14 OCTOBER
Evening for Safe Steps

DATES TO BE CONFIRMED

November
Thanksgiving
Annual General Assembly
The American Chamber of Commerce (AmCham) is organizing the tenth humanitarian gala evening for mine free Croatia called the “Evening for Safe Steps”.

All of the funds collected during the event through ticket sales and direct donations are matched by the funds of the International Trust Fund (ITF) for Demining and Mine Victims Assistance.

From 2001-2010 the impressive amount of over 5,300,000.00 kn has been collected for mine clearance.

Because of its continuity and importance, this event is a widely recognizable project in Croatia and is celebrating its 10th Anniversary this year. Each year this gala event gathers approximately 350 guests from the Croatian business community, government, international organizations and diplomatic corps.

We hope that you will join us in the efforts to achieve a “Mine Free Croatia” by becoming one of the sponsors!

**Sponsorship Offer**

**PLATINUM SPONSOR (130,000 kn + VAT)** receives the following:
- speech at the event
- 4 VIP tickets
- ten additional tickets
- an opportunity to participate at the minefield adoption ceremony when we turn over the funds to a local municipality for minefield clearance, ambassadors join this ceremony
- company logo on the dinner invitation & program
- sponsor’s roll up displayed at the dinner venue
- company logo at the AmCham’s sponsor roll up/display
- mention of sponsorship in all public communications (press releases, interviews with media, announcement during the dinner and on AmCham website)
- one page article & 1/1 ad in the AmCham News & Views magazine
- company logo listed on our website & chamber e-bulletin

**SILVER SPONSOR (30,000 kn + VAT)** receives the following:
- four tickets
- company logo listed on our website & chamber e-bulletin
- company logo at the AmCham’s sponsor display/banner
- company description (100 words) in News & Views magazine
*Note: logo is smaller in size to the Platinum & Gold category

**GOLD SPONSOR (60,000 kn + VAT)** receives the following:
- ten tickets
- company logo on the dinner invitation & program
- company logo at the AmCham’s sponsor display/roll up
- mention of sponsorship in all public communications (press releases, interviews with media, announcement during the dinner and on AmCham website)
- company logo and 1/2 page company description & 1/2 ad in the News & Views magazine
- company logo listed on our website & chamber e-bulletin
*Note: logo is smaller in size to the Platinum category

**SPONSOR (15,000 kn + VAT) or IN KIND** receives the following:
- two tickets
- company name at the AmCham’s sponsor display/banner
- company name listed on our website, News & Views and the chamber e-bulletin

**TICKETS** Every ticket is a direct donation to the project and we are also offering corporate tables (for 10 persons; company name displayed at the table).

**DONATIONS** Companies/individuals are also encouraged to give additional donations to the cause (all donations can be made to the special account 2330003-1100367301)
EN Gilbert but Consumption is Local

All are familiar with what I am going to talk about. Each and every one of us needs energy every day, every hour and every minute. Many people know a lot about energy, but still it is somehow confused. When talking about this event today, I was asked if I was going to have a power point presentation. Had I had one, it would be already outdated because energy issues are changing and moving so quickly, especially nowadays. What you say about energy today might be a different story tomorrow.

Energy is global but consumption is local. That poses a problem for all governments and all countries and people in the world. When we think about energy, we all still think about traditional energy: oil, gas, electricity, hydro-energy, and nuclear energy that is becoming traditional.

In terms of traditional energy, many theories have forecast that the world will run out of reserves in the next 10, 20 or 50 years. But technology has been changing so quickly that I think that the oil and gas will never disappear. There is no end to human ingenuity in regard to technology. As to what happened in the Mexican Gulf about a year ago with BP: nobody could have ever imagined such a development. But, experts in deep water drilling found a way to deal with it and the things are getting back to normal. Following on from that, we need to understand that whatever you do with energy, there will be consequences in some other area. Every action has a reaction.

Oil and gas are the basis of today’s global energy. Unfortunately, they are found in countries that are undergoing major changes; we all know what is happening in Libya. I think that the coalition is making the right moves: first of all - because of the people, and on the other hand, had this not been dealt with, I think it would have spread to other countries rich in oil and gas. Other countries are also under the threat of this change in the movement of wealth, and at the same time such events threaten the global energy supply. Although Libya has only a two percent share in the world’s production of oil, the events in Libya have increased the price of oil in a matter of couple of days by 10, 15 or 20% and the price is not coming down. The recession, together with the oil price and the circumstances surrounding it, have brought the world to an even greater recession.

Every Action Has A Reaction

The production of oil and gas has many environmental aspects and issues. The world is becoming increasingly aware of the necessity to keep the world clean and green. Sustainable development is a nice word which I have heard and spoke about in a number of speeches and conferences, but I think it is just wishful thinking. Every action in the environment will bring about a reaction from the environment and if somebody thinks there is a safe way to produce oil and gas without any impact, then they are wrong. There will always be an impact and we, as humans, have to be aware that when you take something from Mother Earth, Mother Earth will claim something back in another form.

We use oil and gas mainly for industrial use and transportation, and Croatia is fortunate enough to have some oil and gas production. It has been managed pretty well and I am happy about it. INA is still a great company and I hope it will become even better. The resources are limited, but as technology is developing in relation to some previously unavailable resources, they will become available in the future or have already become so. Croatia was drilling and exploring for oil and gas in the central and southern Adriatic Sea about 30 years ago and at that time there were no major finds; what was found was rich in H₂S, which is a very aggressive gas and was abandoned. Today, the industry has an answer to all circumstances and I think that revisiting the former exploration areas in the Adriatic Sea and on the Dinarides will bring a better future for Croatia. This takes a lot of money but with today’s oil price of 114 dollars per barrel, it would make all the spending worthwhile and it would very quickly yield returns, which would be invested further in exploration and production.

Another type of energy, based on oil, gas, coal and water, is electricity. Everybody forgets that electricity has to be produced somehow and again this brings us back to the basics – oil, gas, coal, hydro-energy and nuclear energy.

Until only a couple of weeks ago, nuclear energy had a bright future. I am very saddened by what happened in Japan. But the events in Japan have made people rethink nuclear power. Apart from the US, I think that no other country would be able to deal with such a disaster in a nuclear power plant in such a heroic and professional way.

Hydro-electric power is a very clean way of producing electricity. However, in order to capture water, you have to flood areas. There are only a few rivers in the world which can produce electricity by their own movement and it takes a lot of money and effort to build on a moving river. The environmental impact, such as flooding villages or graveyards or churches, is only possible today in the countries where the environmental movement is not very strong. We read from time to time about what is happening in China. They are trying to redirect the flow of the rivers; they are building dams in places people say are not safe from earthquakes.

On the global scene, hydro-electric power is one of the best solutions, although limited. Taking for example little Croatia, where there is unlimited water in the rivers. Plat, near Dubrovnik, is a small but very good power plant, necessary for Croatia’s South. The water comes from the Republika Srpska (in Bosnia) and actually everywhere you go in our little region you are going to find links with a different country. Problems are arising in the Republika Srpska, and such a major element in their business plan which they cannot control and cannot take into account? Without knowing what will change and what kind of effects the changes will have on the business plan of any industry in the world?

The oil price is formed on the basis of market supply and demand. The energy price is basically formed on the exchange market. It is not related to the costs of technology or the costs of exploration and producing one barrel of oil. In Saudi Arabia today, bringing the oil to the surface would cost between 3 and 4 dollars per barrel and in Russia between 7 and 10 dollars per barrel, depending on where the well is, and the market price is 114 dollars per barrel. The difference goes into fees, which are 70% in Russia and much lower at 3.1% in Croatia. That’s a big difference! Croatia signed a contract with MOL and INA, but the fees were frozen at that time at 3.6 and then at 3.1%.

Russia would have never been in such a good economic situation as it is today if it had not been for the production of so much
The oil companies in Russia would never be allowed to take more than 30 to 32 dollars per barrel. All the rest goes to the government and, of course, such huge production drives a strong economy.

Every country has to get a fair price for its mineral wealth because it is a global issue and an oil field may spread across several countries. It is maybe not fair that Saudi Arabia has oil while the neighboring countries are not drilling the same oilfield at the same depth and are not so lucky. The oil is flowing from a huge underground reservoir into only one country. If Croatia finds oil offshore Dubrovnik, nobody knows whether the reservoir goes as far as the Montenegrin coast. We are also witnesses of a major problem in the Caspian Sea, where a couple of countries were fighting for the rights to explore the mineral wealth, since the Sea is very rich in oil, but each country claims that the oil comes from their part of the territory, and that cannot be proven. There were some questions raised about trying to divide the Caspian Sea into different areas differently from the international law borders. The question is what is the justified price of oil?

The world trade organization will have to deal with this question in the future. In 10 years, there will be 10 or 12 billion people in the world and we will have to find a way to justify and equalize energy prices. The value of energy would be dealt with on equal basis, in a socialist or communist manner, but somebody should somehow regulate the price of oil. This is a major problem for the world and it was a major problem in the crisis which occurred two years ago and still poses a major threat. It should be regulated in a way that would be fair for the producing companies and for the governments of the importing countries. At the same time, governments enjoy the price, especially when it rises, because of the taxes which exist in every country and, actually, the finances of any country depend on the oil price. In Europe, it is regulated by a minimum tax of 2.6 kuna per liter of oil. But if the government does not limit it, the tax may rise up to 4.5% or 10% and it is a good way to fill up the budget deficit. At the same time, Croats will be unhappy. The Government intervened in the last price increase by lowering the tax so that the price of fuel would not rise much above 10 kuna, which is considered to be a psychological barrier. I do not believe in terms such as ‘psychological barriers’, I think it is very individual. Many people would not care whether they are eating or are dressed well enough but they would be very insistent on driving a car with one person in it. America gave a good example in 1976, during one of the oil crises. People shared cars and commuted together because the energy could not be distributed to everybody at the same time at the same price. Croats have different attitudes to cars.

**Alternative Energy**

This is an undeveloped area where a lot still has to be done. We have the wind and the sun. Photovoltaic cells are technologically so advanced that the efficiency of photovoltaic cells has risen from 7% to 16% in the last two years and we can expect the technology to develop to 30-40% efficiency.

The maximum output power of a wind generator was 1 Mega-watt two years ago and, today, the Germans are already building 4 Megawatt generators. When driving to Split, you can see huge wind generators along the road and it gives you a good feeling because there is no environmental impact. This energy is costly in the beginning, but in the long term it is very cheap. In Croatia, the power of the light (not the sun) on the island of Čiovo near Trogir matches that of Abu Dhabi.

The existing energy strategy for Croatia is, unfortunately, not good enough. It pays insufficient attention to alternative energy sources, which is why we are lagging behind. On the other hand, Croatia is fortunate to have enough land suitable for wind and solar energy collectors. We have enough wood and the wood processing industry producing wood waste that is suitable for use as biomass and energy production.

I am very optimistic about the future of all alternative energy sources in Croatia and worldwide. Yet again, we have to deal with the fact that it is a new and developing industry that we started talking about less than 10 years ago, when the oil prices started to vary so much. When oil was 18 dollars per barrel, no other alternative could fill the place of diesel oil. Today’s requirement is to try to bring new oil or gas to the surface with new technology in the old oil fields.

**The Future of Croatia**

In this country, we need a people with credibility, who are not in politics, who are not lobbyists for any one type of company, to stand up and say what is needed. The Academy of Sciences and Croatian institutes should be lobbying-free. Croatia is a relatively large country for a small number of people. Parts of Croatia seem to be predestined for renewable energy. For instance – in the entire area from Zagreb to Split there are huge areas of rock everywhere, where you cannot plant anything but it is a perfect place for solar power plants.

The problem lies in tariffs. No government wants to pay too much money for energy. At the same time, one has to be very cautious especially with the wind. If you focus on the wind and rely too much on wind power, if there is a period of two weeks without any wind, you will need conventional power producing plants –oil, gas, hydro-electric plants, to make up for the missing energy. So, wind power can only be an additional form of energy which has to have conventional energy sources to back it up.

We have strong winds along the Dalmatian coast, which is not good at times, particularly during the Bura, the strong northern wind, which is not very friendly to power trains. Bio-mass is another natural source of energy, but it is limited to smaller rural or urban areas with wood industry.

I do not see Croatia getting into nuclear power today. Two months ago, I thought there would be a chance. But the disaster in Japan was a major shock for the entire world. If you start planning nuclear technology today, it would take you 10 or 12 years before you complete the plan. We have wasted about 20 years of independence waiting for new generator units. Now I think the time has come for the government to give investors a hand and create a better energy future for Croatia.
THE PROCESS OF NEGOTIATING in Chapter 23 – Judiciary and Fundamental Rights – has been extremely demanding since it contains political criteria that require Croatia to reach the highest standards that leave no room for compromise. For the Ministry of Justice, working on Chapter 23 has never been its only aim. Achieving the highest possible values has been our principal guiding thought during the talks relating to this Chapter and not only aiming at achieving the goals set before us, but also primarily aiming at the well-being of the Croatian people. During the negotiation process we have so far completed a great deal of work, and we have also put a great deal of effort into the strategic and legislative aspects of the necessary reforms. We have adopted a Judicial Reform Strategy for the 2011 – 2015 period as well as an Action Plan, and we have provided for the proper institutional capacity for their implementation. Special attention has been given to strengthening the independence, responsibility, impartiality and professionalism of the judiciary. We have introduced objective and transparent criteria for the appointment of judges, public prosecutors and court presidents. The procedure of electing a new composition for the new State Judiciary Council and the Public Prosecutor’s Council has been concluded in accordance with the new legislative framework which ensures complete depoliticization and independence. The members of these bodies are elected by judges and public prosecutors themselves, which guarantees greater confidence and higher quality in their work. The work and activities of the Pravosudna akademija (or Judicial Academy) as well as programs for continuous professional education and training of judicial clerks have additionally strengthened the professionalism of the Croatian judiciary. Within the Judicial Academy, a Državna škola za pravosudne dužnosnike (or State School for Judicial Clerks) was founded that began work in January 2011 and it is already training the first generation of future judges and public prosecutors. In a systematic fight for better judicial efficiency, we have cut the number of pending cases in half and we are further taking the necessary steps aiming at additionally reducing that number. We have also been continuously improving procedural decisions through the 2008 amendments to the Civil Procedure Act, aiming at speeding up and modernizing proceedings. We also expect a great deal from the new Criminal Procedure Act. We are introducing a new system of public bailiffs in 2012, which will additionally reduce the courts’ work load. Another important process of the reform has been the physical rationalization of the court network and the public prosecutor’s offices. The relevant legislation has been amended and the total number of courts in Croatia has been reduced by 40%, whilst the number of public prosecutor’s offices has been reduced by 24%.

The progress is obvious in all spheres, whilst special attention has been given to untried war crimes. A Strategy for the investigation and processing of war crimes from the period 1991 - 1995 has been adopted, serving as a baseline for any further operational procedures in criminal investigations and trying of war crimes and their perpetrators. There will be four specialized courts exclusively competent for all the war crime cases for which trials are yet to begin – namely, in Zagreb, Split, Osijek and Rijeka. In this area we have continued strengthening our bilateral cooperation with countries from the region. We are also resolutely continuing our full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY).

A legislative and institutional framework has been established in the area of suppression of corruption. The so-called USKOK vertical has been established, which consists of specialized police, public prosecutors’ and court bodies. The USKOK vertical has been adequately equipped professionally and on an HR level. The results of its work are clear in everyday life. Moreover, measures have been continuously undertaken in order to confiscate assets acquired by means of a criminal offence, which is a very important segment in the effective fight against corruption.

Within the corruption prevention framework, further progress has been achieved in all major areas in terms of the transparency of the state administration, including improvements in the legal framework in terms of the right of access to information, in the implementation process of raising public awareness of the legislative system and the disclosing of relevant information about public procurement procedures.

Conflicts of interests constitute a substantial problem in the fight against corruption, whilst our efforts in this area have been crowned by passing a new act on the prevention of conflicts of interests, which represents a sharp turning point in the process of strengthening of the system. We have fully professionalized the Commission for the Prevention of Conflicts of Interests (Povjerestvo za odlučivanje o sukobu interesa), in which there will be no politicians. We have also passed a new act on financing political activities and election campaigns, by which we have comprehensively established and organized the financing of election campaigns and in a unified manner for all types of elections, we have improved the transparency of the system of financing of political parties and established independent supervisory mechanisms.

We believe that our activities and the results achieved show our strong belief in the benefit to be obtained from introducing the necessary changes, and the hope that our efforts will be recognized and appreciated not only by our citizens but also by our European partners.

The European perspective brings new challenges for Croatia. Our intention is to continue strengthening the judicial system, the suppression of corruption and the protection of human and minority rights, and this will remain a permanent strategic focus for Croatia.
Enforcing the powers of the Croatian Competition Agency, which is able to impose sanctions for violations as of last October, is just the first step in ensuring that market competition in Croatia is conducted in accordance with global and European market rules. However, there is still a great deal left to be done because it is necessary to change the mentality of both the ordinary people and competitors who feel the need to agree on their business moves instead of keeping them as trade secrets – as was agreed by the participants of the Conference on Competition Protection in the EU and its impact on Croatian Economy, which was held on 19th April organized by AmCham.

The real sector representatives participating in the conference, led by their own experience, are still relatively skeptical about expectations that the new legislative framework will be followed by the actions needed on the market. At the same time, what they fear most are the delays caused by the Administrative Court which confirms the decisions of the Competition Agency and is the appeal body.

Olgica Spevec, the Head of the Croatian Competition Agency, warned that in reality the Agency regulates a relatively small area, or that market competition in Croatia is regulated by several institutions and laws.

“Market competition within the financial sector is still monitored by the Croatian National Bank, whilst telecommunications are still within the scope of the Agency for Electronic Communications (HAKOM). The question is how effective we can be with so many institutions, while some issues have not yet been regulated. There is also the Agency for the Electronic Media, but nobody deals with printed media. The system could be set up much better”, said Olgica Spevec.

A comparative analysis of protection of EU and Croatian market competition was conducted by Jasminka Pecotić-Kaufman. The analysis showed that Croatia is still in the early phase of implementation of the rules for fair competition. Pecotić-Kaufman pointed out that politicians have a very strong impact on encouraging fair competition. “In business circles, there are many unknowns and our businesspeople often act like future university students who copy from one another during an enrollment exam even though they know there is not enough space at the university for all of them. The moment when we no longer see media articles about price fixing, we will know that we have made progress and have succeeded in transforming the mentality of collectivism,” said Kaufman. She also said that all Agency’s decisions about cartels refer to guild associations which have a firmly rooted

IT HAS BEGUN! THREE MILLION KUNAS WORTH OF PENALTIES IMPOSED LAST YEAR

by Marija Crnjak, Poslovni dnevnik

IN CROATIA, THE MENTALITY OF DIRECTORS AND MANAGEMENT NEEDS TO BE CHANGED – COMPETITORS MUST NOT AGREE ON THEIR BUSINESS MOVES, BUT RATHER LEARN TO KEEP TRADE SECRETS

EICHHORN:
Mr. Eichhorn, Vice-Chair of AmCham EU’s Competition Committee and Senior Counsel - European Competition Law & Government Relations, GE Company; held presentation focused on the importance of competition policy, merger control and abuse of dominance / unilateral conduct and what is pertinent for an acceding EU Member State

STAMOULIS:
Mr. Stamoulis, Senior Competition Counsel, Coca-Cola Hellenic, held a presentation on why it is important for companies to build effective compliance program and gave a short overview of setting up, implementation and monitoring of the program
The free market develops alongside the laws that protect competition. Croatia has done a lot in terms of legislation, and implementation is now to follow. • Don Markušić, AmCham President

Entry into EU membership brings many opportunities for the Croatian economy, but education is needed in the field of the rules of market competition so those opportunities may be recognized. • James B. Foley, US Ambassador

The new law on market competition has significantly expanded the powers of the competition agency in terms of imposing penalties and sanctioning competition rules offenders. • Vesna Patrić, Member of the Competition Council of the Croatian Competition Agency

We are not satisfied because the role of the state is quite large, and competition is weak. We need to strengthen the institutions that protect market competition. • Boris Cota, Advisor of the President of the Republic of Croatia

The question is how effective could the competition agency be alongside so many institutions that control their own segments. • Olgica Spevec, Competition Agency AZTN
tradition of price fixing and market division. The fact that cartelization is conducted at the lowest levels is exemplified by some local bus companies who decided to level their prices a year ago. Otherwise, our legislation qualifies cartels as the most serious breach of market competition, whilst the EU punishes such breaches by very high fines, which are hardly affordable for even the most major players on the Croatian market.

However, a slow shift in mentality is shown in the verdicts of the Misdemeanor Court which had jurisdiction for these cases until last October. “Out of several hundred penalties for offenders in previous years, three million kunas in penalties were imposed in 2010. I believe that our activity has caused judges to see these things in a different way” Spevec said.

**WHILE THE EU IS REEXAMINING FINES, CROATIA IS PREPARING FOR THEM**

**WITH CROATIA’S UPCOMING ACCESSION TO THE EU, THE EUROPEAN COMMISSION WILL ASSUME JURISDICTION FOR MARKET COMPETITION BETWEEN CROATIAN COMPANIES AND WILL BE ABLE TO INITIATE PROCEEDINGS**

**RECENTLY, THE EUROPEAN COMMISSION** fined Unilever and P&G with a total 315 million euro for cartelization on six markets, and for agreeing on prices of detergents together with Henkel. P&G, the manufacturer of Ariel laundry detergent, will pay a 211 million euro fine, and Unilever 104 million. There will be no fines for the maker of Persil, Henkel, as they were the whistleblower in this case. This type of fine is sky-high in Croatian terms, and the concept of whistleblowers – people who report serious violations in which they have taken part themselves - seems like something in the distant future for Croatia. In reality, however, it is not so. The local economic sector should be preparing as quickly as possible to enter the strictly regulated market, said Jasmina Pecotić-Kaufman of the Faculty of Economics in Zagreb.

“Fines in the European Union are high and currently it is being reviewed whether such high fines are justified with respect to the gravity of the breach. For the time being, Croatian companies do not have that problem, but they could come across it quite soon. Therefore we need strong institutions, and AZTN needs to focus on fighting cartels”, Pecotić-Kaufman said.

With Croatia’s upcoming accession to the EU, the European Commission will become responsible for the market competition of Croatian companies in the EU, and will also initiate proceedings in breaches that impact cross-border market competition. The competent court for these issues will be the European Court in Luxembourg. With EU accession, the Croatian National Bank will lose the power to supervise competition within the banking sector.

“The topic of competition protection will become even more important in Croatia due to its accession to the EU. It is important to understand that companies lose a great deal when the agencies have no control over the companies on the market”, further explained Kaarli Harry Eichhorn, the Vice President of the AmCham EU Competition Committee and Senior Counsel for the EU market competition and government relations in the US company General Electric. Otherwise, being familiar with the EU regulations is essential for US companies because of the very intensive cross-ocean economic exchange. In the EU, there are around 4.5 million employees of US companies with their total revenue in 2010 amounting to approximately 1.4 trillion dollars.

**TRAINING FOR ALL, NOT JUST FOR LAWYERS**

**ALL EMPLOYEES SHOULD KNOW WHAT THEY ARE ALLOWED TO TALK TO THE COMPETITION ABOUT**

**EACH COMPANY SHOULD HAVE A COMPLIANCE PROGRAM**

After taking two decisions regarding cartels against the major media houses in Croatia, we received information that these companies did not know they were not permitted to negotiate to fix prices, complained Spevec

Considering that the implementation of competition protection rules in Croatia is still in its infancy compared to the situation in the developed European countries and the US, we have yet to begin systematic training in the real sector. Even though repression is one of the powerful tools that shows that sins do not pay off in the end, and the Agency has been fighting for exactly that, the Agency’s Director Olgica Spevec, nevertheless tends to emphasize both its preventive and educational roles.

“Repression is not our only task, but also prevention, and this is where we have a lot of space for action. Each company on the market should have its own ‘compliance program’, meaning clearly defining the rules to which its employees should comply on a daily basis in their communication with the competition. For example, after taking two decisions regarding cartels against the major media houses in Croatia, we received information that these companies did not know they shouldn’t negotiate to fix prices. There are only a few competent experts, for instance lawyers, dealing with competition protection issues”, says Olgica Spevec.

Kaarli Harry Eichhorn of General Electric pointed out that the development of such compliance programs in each company is necessary if we want to conduct business in accordance with the market competition rules. A rich tradition that goes back some hundred years since the American market has had a legislative framework for competition protection is responsible for the fact that American companies are excellent when it comes to respecting the rules of the game, says Eichhorn.
**Panel I: Ensuring Fair Market Competition**

Former Monopolists Such as HT, Adris and HRT Still Make Abundant Use of Their Market Positions

Adris is allowed a great deal, which, as BAT says, is not in the interest of either their business partners or their competitors.

Croatian experience shows that competition protection is insufficient in some segments even at the level of legislation, whilst in some segments the rules are circumvented despite a seemingly good legal framework. At the AmCham conference, the criticism by the panel was addressed towards two particular laws – the Electronic Communications Act and the Croatian Radio Television Act. Sanjin Katinić, member of the Board of Metronet, emphasized that since its entry onto the Croatian market, his company has faced a number of problems related to breaches of market competition rules. “We are competing on the market with Croatian Telekom, a former monopolist and one of the most powerful companies in this country. On several occasions we have addressed our complaints against the provisions of law which were favorable for the former monopolist, who does not even respect that law,” Sanjin Katinić said. Otherwise, in 2010 Metronet requested HAKOM to conduct an inspection of HT after observing that despite lower prices it has not acquired any contracts from 2007 onwards. “It was found that HT was violating the law as it was offering lower prices than those quoted in its pricelist. The fine amounted to twenty times the average HT wage. “What is that compared to the million kunas worth contracts signed by HT in those three years?” Kantinić said. The President of the Nova TV Board, Dražen Mavrić complained about the unfair competition of Croatian Radio-Television, which actually receives subsidies in the form of subscriptions in an amount double the amount of the total Croatian commercial market, whilst at the same time offering space for commercial content.

“The enforcement of the new law, Croatian Radio-Television was given a time limit for prime time commercials, but this is just cosmetics,” Goran Pekez of Japan Tobacco International pointed out their unfavorable position with respect to the local tobacco producer TDR, whilst his criticism directed towards the segment’s regulatory body were supported by Tomislav Fučkar from the representative offices of the British American Tobacco (BAT). “Adris group is allowed a great deal, and it is clear that the company does not do business either in the interest of its business partners or of its competitors,” Fučkar said. Representatives of foreign tobacco companies complained about their problems with the product placement as some chains do not allow them on their shelves.

The Big Players Automatically Do Not Breach Market Competition Rules

Gordan Radin, member of the Board of Agrokor, warned about the need to avoid the perception that big companies automatically breach competition rules, as may be seen in Croatia. “Croatia needs big and strong business systems. According to some data, only 60 companies in Croatia have annual income above billion kunas. The Croatian economy is fragmented and in this sense stopping the major entrepreneurs is counterproductive especially if they grow and play ‘by the rules’,” Radin said. During the AmCham conference panel, Radin
commented on the fact that the EU is considering the possibilities of introducing an income threshold for takeover bids. “Is it then in accordance with competition rules when an EU member state restricts participation in tenders for companies with an annual income of at least 10 billion euros, whilst Agrokor has only 3.7 billion euros,” asked Radin, obviously having in mind Agrokor’s attempts to take over Mercator. Radin also considers it questionable that foreign companies operating in Croatia, which have much better financial business conditions in their own countries, conduct business here in accordance with the market competition rules.

**ONE GLANCE AT THE SHELVES AND IT IS OBVIOUS THAT THE PRODUCTS ARE MISSING**

*Without effective competition protection, foreign investments will simply not come to Croatia*

In May last year, Japan Tobacco International (JTI) returned to the Croatian market with great ambitions and plans in mind, mostly thanks to their world established cigarette brands popular both among the local consumers and among the foreigners who spend their holidays in Croatia. However, AmCham conference participants have on several occasions quite clearly stated that the position of tobacco companies in Croatia is not equal because of the privileged position which the local Rovinj Tobacco Factory (Tvornica duhana Rovinj), or Adris enjoys. Goran Pekez, Director of Corporate Affairs and Communications of the Executive Board of Japan Tobacco International for the Adriatic region, has confirmed in an interview for the business journal Poslovni dnevnik that his company bears the consequences of insufficient competition rule protection in Croatia.

“Given the crisis and the business conditions, we think that the results are really promising. We see a challenge not as much in the crisis itself as in the local conditions, as they are in our case, which on the one hand revolve around the consumer, coming under the heading of marketing issues and on the other - around the business environment. Precisely for this reason I think that the AmCham conference is a good forum at which we have had the opportunity to explain what the conditions are, primarily with regards to competition protection which is not accompanied by adequate penal policies. Just a glance at the shelves in Croatian shops is enough to conclude that there are whole segments of products missing. In my opinion, this is a result of incorrect implementation of market competition rules. As a result, the Croatian consumer has a limited choice in terms of quality and is therefore forced to pay higher prices for the same products than he would pay if there was entirely free and effective market competition in reality.

An additional consequence of this is the decreased inflow of foreign investments into Croatia, since every foreign businessman’s decision whether to invest in Croatia or not is based on an assessment of whether he would be able to conduct business in the same conditions as some other entrepreneurs on the Croatian market. Without effective competition protection such investments will simply not come.”

**What is Japan Tobacco’s position on the Croatian market when it comes to competition?**

I have to admit that we have not faced a single form of discrimination.
have an established position. These are some of the conditions that determine our business progress in Croatia, but our position could definitely be significantly better.

I think the Croatian government is showing good will with regards to effectively protecting market competition, particularly keeping in mind the upcoming accession to the EU and we hope that practice will show that in the near future.

Do you believe that the legislative framework will reinforce the implementation of the penal policy when it comes to market competition protection? The Competition Agency emphasizes its preventive role, but just how important is sanctioning?

Prevention is here in order to stop new problems occurring, but it cannot be yet applied to the issues that already exist. After amendments to the act, the Agency is able to impose fines alone, but it is not just that we have to wait for the Agency’s decision for three to four years, but also the Constitutional Court proceedings additionally postpone the application of sanctions.

However, the common practice on a particular market is not only affected by individual sanctioning, but by imposing sanctions a climate and lawfulness of business conduct and planning are created. If an entrepreneur is aware of the risk that unlawful conduct could lead to drastic sanctions, he will not act that way.

The penal policy in Croatia today is on a very low level and far from the European standards. It is natural to expect that the Agency’s first decisions after the amendments to the act will establish new penal standards, thus changing the market climate.

PANEL II: EXPERIENCE OF CROATIAN COMPANIES REGARDING COMPETITION POLICY ON FOREIGN MARKETS

BY JOINING THE EU - PROFIT MARGINS WILL FALL: WATCH YOUR COSTS!

Branko Roglić, owner and Chairman of Orbico’s Supervisory Board conducts business in a dozen countries including EU members as well as southeast European countries, from Slovenia to Moldova. When it comes to compliance with market competition rules, Roglić’s experience only confirms the local saying: the further south you go, the sadder it gets.

I work best in Slovenia, which has a European approach to business, and where one works, saves and has stability on the basis of European traditions. The companies that do not follow suit there are a minority. Once you move towards Croatia, it gets quite colorful. Some Croatian companies pay their employees only net wages, which significantly disrupts the competition. The state tolerates it, and I cannot understand that: that is a good enough reason for the Finance Minister to resign. If a company pays only net wages for years, that is a reason for the company to declare bankruptcy and to remove all who have allowed that, whilst both the Tax Authority and the Finance Minister should bear the consequences. If we move further south, the market competition is even worse; countries like Albania, Kosovo, Moldova do not even have proper legislation.

At the conference, you mentioned that one of the problems in Southeastern Europe is the low level of training of managers in market competition rules. What is the situation in Croatia?

We should invest much more in business training here in Croatia. Here is a banal example: I have been the owner and Chairman of Orbico’s

BRANKO ROGLIĆ

Owner and Chairman of the Supervisory Board of Orbico, spoke about his experience in conducting business on a dozen different markets and emphasized what should be done for companies to become competitive and to survive.
Supervisory Board for the last fifteen years, but you can still read in the newspapers that I am the Chairman of the Board of Directors. The Chairman of the Board of Directors is a manager, he lives on his salary, whilst the Chairman of the Supervisory Board lives on the profits. Today, we lack business knowledge to be able to distinguish rudimentary terms, not only in the media but also in the business world.

Keeping all this in mind, what would change for Croatian companies with Croatia’s joining the EU?

To start with, we will face a great difference in competition. There are mature companies on the European market which are highly competitive, which have rationalized their expenses, fixed their incomes that are slowly growing, which control expenses starting from the phone bills on and which are profitable. The moment you enter the EU, the profit margins fall instantly, which means that you should also reduce your expenses.

Has the crisis helped Croatian companies to at least mentally accommodate themselves to this pattern of business, primarily when it comes to cutting costs?

The crisis has certainly helped some in these issues, but at the same time we have another, much more important problem for Croatia which needs to be solved quite fast. Many companies in Croatia are living on “life-support machines”, their business is not profitable since their expenses are too high, and, since they have huge debts, the banks are trying to save them and constantly burden them with new loans. In such a situation, I would start declaring bankruptcies as quickly as possible, but they are avoided in Croatia. A bankruptcy is not a punishment for the workers, it is a business move, a punishment for a bad owner who had either bad or good ideas but did not know how to make them work. At the same time, any one who has brought a company to bankruptcy will never be able to save it since he does not know how in any case.

EUROPEAN REGULATORS ARE FASTER THAN AZTN

Neven Vranković, Vice President of Corporate Affairs in the Atlantic Group, said that Croatia has a good legislative framework, and emphasized that the decisions of the local regulatory bodies should be made faster, which in turn would increase their effectiveness in implementing the market competition rules in the Croatian economy. During the conference panel, Vranković described Atlantic Group’s experiences on foreign markets, because, apart from Croatia and the countries of the former Yugoslavia, the company conducts business in five more EU countries.

“We have a few companies in the EU and we conduct business under conditions of serious competition with strict regulations and restrictions when it comes to market competition. What is obvious in the EU countries is the fast decisions on punishment of violators when compared to local regulatory bodies. For example, from our personal experience we know of a case in Croatia which has been dragging on for years”, Vranković said. However, it was not just Croatia and its regulator who were the target of Atlantic Group critics. During the conference panel Vranković also discussed the circumstances of Atlantic’s acquisition of the Slovenian Droga Kolinska.

It is important to be able to distinguish yourself from the rest of the market players as well as keeping in mind that some countries protect domestic production.

Gordana Kovačević, President of the Board, Ericsson NT

CONCLUSIONS OF THE CONFERENCE

• Legal security should be equally effective for all parties involved in terms of adopting the right regulations and their effective implementation. The primary aim of competition law is to ensure equal opportunities for all market participants;
• Effective market competition creates conditions for the further development of both small and medium entrepreneurship, ensures the best possible benefits for consumers, motivates the companies’ innovative approach;
• Fast and effective enforcement of the Market Competition Act by an independent and adequately capacitated regulatory body is important in the process of ensuring fair competition;
• Entrepreneurs should be encouraged to seek more opportunities and rights for their business opportunities, whilst consumers should be informed about the benefits they gain from fair competition. The state and the regulatory body, respectively, should be further encouraged in fair law enforcement;
• Entrepreneurs should be informed about their rights regarding competition;
• The formation of cartels leads to price increases for consumers, and the consumers are interested in an effective fight against cartels; there is also a need to enhance entrepreneurs’ awareness that cartel formation is illegal
• Abuse of the leading position: the leading position itself is not banned, but if the leading entrepreneur abuses his position and displaces his competitors, this has a negative effect on both the consumer and the market
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SMANJITE EMISIJE, POSTAVITE NOVE STANDARDE
IT IS A PRIVILEGE TO ADDRESS YOU on behalf of the Croatian Government. In the past two and a half years, the financial and then the global economic crisis have revealed all the strengths and weaknesses in the corporate sector but also in entire countries. In Croatia, I believe we need to support the private sector and investments, which should generate the next wave of employment with tens of thousands of new jobs. As Mr. Markušić said, not only foreign but also local, not only big but also small and not only private but also public investments. I will try to inform you today about the public sector and public investments.

THREE MAJOR GOALS OF THE DEPUTY PM
This is the first time that the Croatian Government has the office of Deputy Prime Minister in charge of investments, which shows the Government’s commitment and the importance it gives to investment, the investment climate and the entrepreneurial climate in general. The Deputy Prime Minister’s office has three major goals, which the Government and I believe will directly favor the investment and entrepreneurial climate, the economic recovery program, EU accession and the fight against corruption.

The first important goal is to preserve what is already here: we will continue to support all investors in Croatia that might be faced with obstacles, by trying to speed up and simplify procedures. The second, obviously important goal is to attract new investors and bring in new projects. And thirdly, we strive towards creating a legal framework supportive of investors and projects, a framework which would make procedures simpler, faster and definitely more transparent. And one goal which is unwritten is to manage expectations.

For the first time now, we have a National Investment Team, which includes the State Secretaries of all ministries. Then, the Croatian Investment Committee was founded two months ago to bring together governmental officials and the private sector. Its Joint Committee includes me - the Deputy Prime Minister, and the ministers of Foreign Affairs, Construction, Economy, and Finance. From the private sector, there are the President and General Manager of the Croatian Employers’ Association, the President of the Chamber of Commerce, HBOR’s CEO and two more bankers. We are now further involving the private sector and the business community by founding expert committees to focus on various different sectors. The idea is to involve people who have the time, the will and desire to help create the legal framework with their proposals, knowledge and experience.

The Action Plan was conceived in October 2010. So far, there has been a period of application of the Act on procedures and provisions for the construction, important because at the time of its completion there was still no new law on construction and planning, which the Government approved just yesterday and it will be very soon in Parliamentary procedure. It will further help investments by shortening the required procedures.

We have seen many obstacles on a local level, and we will try to spread a positive atmosphere favorable to investments in the local community. I can assure you that, at least on the level of communications, the local community understands the importance of investors and investment projects, which are obviously an important contributor of taxes which ultimately remain in the local community.

The Ministry gave clear instructions two months ago about how to handle the T1 and T2 zones on the local level; now these have been settled by the new construction and planning act. The whole idea was to enable the investors in T1 and touristic zones to get up to 30% in T1 and up to 70% in T2 zones to be able to construct villas, apartments, and sell them.

There are many projects in the renewable energy sector. Croatia has signed a 20-20 agreement with the EU, that is, 20% of electrical energy should come from renewable sources. We have a clear interest and want to support investors in renewable energy, we are trying to simplify procedures, trying to get HEP on board to take hold of projects. We strongly support HEP in changing some of its internal acts to become more flexible, so that eventually investors will be able to make agreements with HEP directly, some of them being agreements regarding energy infrastructure.

Our economic transition is somewhat slower than in the majority of transitional countries. Unlike them, we had a long war and post-war period, and today’s budget still contains allocations for post-war costs. For the past ten years, we have been practicing how to talk with
investors and how to attract FDIs. But when foreign capital is mentioned, I try to explain to all that foreign capital brings along not only cash; it also brings know-how, new experiences, new ideas, new projects, which are very important for any economy in the 21st century.

As for the government as the biggest landlord in Croatia: the Government is trying to develop a legal framework that would enable both investors to invest and bankers to finance projects while ownership has still not been clearly distinguished between central government and the local community.

Recently, as a promotion for investments, we set the threshold for tax incentives as low as 100,000 euros for research and development investments and some ecological activities. In general, the minimum investment for an application is still 300,000 euros, after which, depending on the investment size, the level of corporate income tax decreases. Above eight million euros, profit tax is zero percent for the next 10 years. Other conditions were also downsized with the latest amendments to the promotions act. In particular, we reduced the number of employees, since some industries are not that labor intensive.

There are other incentives, such as for employment from 1,500 to 4,500 Euros. There are also incentives for development of technology. The Government perceives the fact that there is a huge difference in unemployment rates around the country and the idea is to support those less developed with extra incentives. There are also extra incentives for education.

**PUBLIC PROJECTS: CONCESSION MODELS TO ATTRACT INVESTORS**

Briefly about the past five months in the area of public projects. With the Plomin thermal power plant, HEP is expected to start preparation of tendering within the next few weeks. The project for the Ombla hydro-power plant in Dubrovnik is in the stage of financial arrangements, with tendering expected to begin in the next few weeks. JANAF has been pretty active, with a total of billion kuna invested in new oil and gas storage facilities in Omisalj and Sisak. A construction agreement for the Port of Rijeka has finally been signed with the best bidder, a Philippine company ICTSI, which is an international investor that manages 22 ports in 16 different countries.

I strongly believe that concession models such as this are great models to attract investors to our country, but also capital, new know-how, and international knowledge.

The pre-bidding is over for the new Zagreb airport, and the next phase will be completed by the end of June and bidding will start. In water management there are more than 300 projects, some of them completed, some undergoing. EU funding was provided for, e.g., drafting projects and waste management systems, where many projects are introducing the PPP model or private-public partnerships. Tourism has been rather complex to prepare. Probably most of you know that the Brijuni Riviera is a five or six year old project, now in the phase of tender preparations. I hope that all the bidders who have been with us for two years will come back to bid, hopefully to start soon. That will be a clear indication for many other potential projects in the tourism sector of how we will deal with public property and enable investors to work with it for the next 50 years, with concessions.

Currently, we have 129 projects in my office. About seventy investors have been open to sharing data, and we learnt from those 38 foreign and 32 local investors that the value of their projects amounts to almost 45 billion kuna, in favor of foreign investors. They should generate almost 12,000 new jobs. Currently, we are trying to get further information about those projects and classify them between conceptual and real projects. There is a total of 277 projects, worth almost 150 billion kuna. They include conceptual projects, but we are trying to focus on those projects that are already started and which might have faced some obstacles; but we are trying to either remove those obstacles or just assist along the way in order to enable the investors to start their projects as soon as possible.
The Seventh Annual International Conference on the Real Estate Market in Croatia

The Seventh Annual International Conference on the Real Estate Market in Croatia was held on 14th and 15th April 2011 in The Regent Esplanade Hotel, Zagreb. The Conference attracted more than 450 participants and 65 speakers. Through a joint discussion on the 14 interesting panels held, we tried to underline the most important topics in commercial real estate market.

The first and opening panel, Let’s REdiscuss: “Where are we and where are we going?”, was held in the Emerald Ballroom. The speakers were four eminent economic experts: Ljubo Jurčić, Borisлав Škrgro, Marko Škreb and Sandra Švaljek. The topics discussed were related to the crisis and its effect on the Croatian economy, the positive and the negative aspects of the country’s entrance to the EU, future tax rates and possible solutions for economic rehabilitation as well as some predictions for the years to come. All four experts agreed that joining the EU will bring some positive changes in the long term, especially because our market will expand. On the other hand, in order to maximize our exports we need to rehabilitate our production and industry and, most importantly, be patient.

The main panel was followed by a presentation of the Inter IKEA Centre Croatia project, by Branko Mihajlov, Company Director for Croatia & Slovenia and Head of Leasing AT/CH/HR/RS, who announced the opening of the IKEA Centre in Zagreb in the fall of 2012.

The next panel, entitled Developers of the Round Table, also took place in the Emerald Ballroom, and the main topics were a comparison of the Croatian market and potential international and regional markets, including presentations of two projects: Dubrovnik Golf Park and the recently opened Avenue Mall Osijek.

After these presentations, the panels continued simultaneously in two conference rooms: the Paris and Istanbul Suites.

The topics at the Istanbul Suite were: Real Estate Valuation, Croatian Real Estate Law and Construction Law and Real Estate Financing. On the panel dedicated to real estate valuation, Chairman of RICS Europe Luciano Capaldo presented his company and its role and importance in the European real estate markets. Melita Bestvina, President of the Croatian Association of Court Appointed Professionals, offered a direct view from practice, after which all speakers discussed the current state and the future hopes for our country in this area. The legal panel compared Croatian, Slovenian and Serbian investment possibilities and legal problems encountered by developers, investors and contractors. The next panel, dedicated to real estate financing, discussed the same type of problems, but from the point of view of financiers, developers, consultants and auditors, thus giving us the opportunity to hear about some practical situations and advice from experts in these areas.
In the meantime, the Paris Suite offered the panels: Round Table of Leading Advisors, Agents, Architects, Analysts and Economists, Architecture and Urbanism and Office Space. The Round Table offered a discussion by the aforementioned experts, regarding their view of the current crisis, its positive and negative consequences and the state in which their professions are today and wish to be in the future. The topics of the second panel were: the role of architecture and urbanism in commercial real estate development and on the market itself, as well as the problems they encounter with the Croatian legal system. The office space panel presented some of the projects completed this year, others that are still in the pipeline as well as the overall state of this particular real estate sector.

After the official part of the Conference, there was a Gala reception for all the participants, enriched by the musical talents of the top ballet dancers Edina Pličanić and Andrej Izmestjev and the Kočani orchestra.

The Conference continued on Friday, 15th April, with another six interesting panels. In the Istanbul Suite the topics were Tourism, Retail Space and Housing, while in the Paris Suite, we discussed the Regional Real Estate Market, Green Building in Croatia and Investment Real Estate Market in Croatia.

The tourism panel presented specific examples of new projects developed in that sector and various views on the Tourism Land Act. On the panel dedicated to retail space, we heard a presentation about the current state on the retail market in Croatia and Serbia and ideas for future strategies on the market saturated with shopping centers. The housing panel gave a review of the sector in the last few years from the positions of different professionals, with some specific examples which may differ from theory. The first panel in the Paris Suite offered a comparison of the real estate markets in the region, where all the speakers agreed that a potential for new investments exists, however there are not enough quality projects. On the green building panel we heard the positive aspects of “going green”, where a larger investment in the beginning certainly pays off in the end with lower expenses. Nevertheless, all the speakers were aware of the problems of green building, mostly related to the lack of knowledge and proper training. The final panel of the day was dedicated to the investment real estate market, where it was concluded that Croatia is still a high risk country for investors, but with quality and stable projects we can expect gradual growth.

This year’s Conference was an excellent opportunity for everyone connected in any way to commercial real estate to become acquainted with current issues, projects in development and future visions in the Croatian real estate market. We tried to cover as many interesting topics as possible and made analyses from a broad variety of angles. At the same time, having in mind cooperation opportunities and an insight into development possibilities, we looked into the real estate markets in the region and compared them.
A DIFFERENT DUBROVNIK: SILK, OYSTERS, JEEP SAFARI AND BIRD WATCHING

Dubrovnik, a city of unique culture and political history, part of UNESCO’s world heritage list since 1979, a city about which already way back in 1929 the famous British writer, George Bernard Shaw wrote: “Those who are looking for heaven on earth, should come to Dubrovnik.” But still, long before the words of the great British writer, Dubrovnik had become much more than a geographical point with a name on the world map. For many centuries this stone citadel was the last safe port on the sailing route from the northwestern Adriatic to the south. Similarly, in terms of tourism, Dubrovnik goes far beyond the places of interest found between the city wall of the Old Town, offering its guests the abundance of the Dubrovnik-Neretva County mixed with a variety of sports activities, cultural heritage and natural beauty.

“The Pearl of the Adriatic” became an important power in the Mediterranean after the 13th century. This late medieval city on the southern part of the Croatian coast of the Eastern Adriatic, with its historical heart, situated at the foot of Srd Hill, has throughout the centuries preserved its character as a unique urban entity defined by its city walls, which have a significant place in the history of urban construction. Although significantly ruined during the earthquake of 1667, Dubrovnik has managed to preserve its Gothic, Renaissance and Baroque churches, monasteries, palaces and fountains.

It is also difficult to name and number all the gastronomic delicacies which this southernmost Croatian destination has to offer, but it is definitely worth mentioning the pancakes with spicy hot orange marmelade, kontonjata (quince cheese) and arancine (sugar-coated orange peels) with some rakija (schnapps), which warms you up just the way the traditional kolenda (songs) of Dubrovnik have been warming our hearts for centuries.

Dubrovnik, in its cultural setting offers many additional activities which can make your stay unforgettable. If you love the quiet of freshwater lakes and silence only interrupted by bird song, set off on a photo-safari into the marsh wilderness of the Neretva Delta. The safari consists of a boat trip in the small vessel traditional for the Neretva
region, called a trupica, and the route leads you through the canals of
the Neretva marshes, where once upon a time Greeks, Illyrians and
Romans sailed. You should not miss the Ornithological Museum with
its impressive collection of birds from the River Neretva region along
with a visit to the Baćina Lakes (Bacinska jezera) - lakes above sea
level, but their bottom is below the surface of the sea.

If you are, however, keen on a different type of safari, a jeep
safari for example, you have the opportunity to experience that too. A
ride in a jeep through the Konavosko off-road area is definitely not all
that the trip has to offer: a visit to the old mills, tasting delicacies from
the local area as well as taking photo from the picturesque viewpoints
that the Konavosko hills have to offer will make your four-wheel visit to
the heart of Dubrovnik region perfect.

For lovers of nature and horseriding we recommend the
"Blue Path", which runs along the edge of the Konavoski walls, offering
a spectacular view of the open azure Adriatic Sea. Beginners are
welcome in the horseback riding school, and there is also a special
program for children as well as a therapeutic horseback riding.

If you are particularly interested in local customs and tradi-
tions as well as old crafts, do not miss seeing the way the only two re-
mainingsilk makers in Čilipi obtain silk threads by boiling the cocoons
of silkworms. They will also show you the larvae that are placed on a
clean mulberry tree leaf every day, since the “bubice” (little bugs),
as the silk makers affectionately call them, do not want to spin their
cocoons or eat leaves unless they are clean.

We believe that you will find Ston, known as “little Dubrovnik”,
equally fascinating, since the street plan is reminiscent of Dubrovnik.
The 5.5 km long Ston city walls, which are the greatest urban fortifica-
tion project in this part of 14th-century Europe, offer a great view of the
well-known salt pools of Ston, which date back to Roman times. Fi-
nally, do not miss tasting the oysters of Ston: after such an interesting
day you will surely return to where you came from happy and rested.
PAG – ITS UNIQUE LACE, LAMB, CHEESE AND SALT

Find out why summers spent on Pag are ones to remember, on this island famous for its unique lace, delicious lamb and cheese, its salt which has been produced for centuries in the salt pools of Pag, the ubiquitous smell of sage, as well as for its mysterious moonlike rocky surface. Novalja’s Zrče beach has already become a famous, even legendary choice for all those who do not wish to stop partying. The City of Pag, the capital of the island, is a tourist centre situated in a picturesque bay with 20 km of stunning sandy beaches. For a more peaceful break we recommend Košljun. Try the white wine “žutica”, or the famous Pag lamb, and find out what is so special about Pag cheese.

This island is a mixture of harsh rocky moonlike areas and green fig and olive tree plantations, while its bays and clear sea fascinate all its visitors. It’s connected with the mainland via a bridge and ferry. The pebble beach mentioned above in Novalja, Zrče has already become a legendary and favourite choice for all those who do not wish to stop having fun, and this is the place for a “non stop party” – you will meet lots of fun-loving people in the numerous discos and coffee shops on the beach. If you are longing for a peaceful break, come to picturesque Košljun. The rocky beach of Košljun is situated on part of the mainland open towards the sea to the southwest thus creating a meeting point for southern and bora winds.

Covered with centuries old pine trees, the former tiny port, situated on smooth rocks along the sea shore, offers a secret place for escape, while a unique atmosphere is unveiled in the evenings when the sun dives into the sea - a special scene for romantic souls. The City of Pag, the capital of the island, is a tourist centre in a picturesque bay with 20 km of stunning sandy beaches. You can rent various forms of equipment for water sports on the beach, whilst activities and facilities for children, as well as easy and accessible entry to the water, with a wide area of shallow water make it a safe bathing spot for the youngest.

The inclusion of Pag lace in UNESCO’s intangible world heritage of humanity list has made Pag one of the major lacemaking centers in Croatia. Today Pag lace is a handicraft in which every Croatian takes pride, displayed at various exhibitions all over the world, thus conveying the spirit of an ancient tradition from Pag. The recognition obtained by Pag lace throughout the world is of great importance to Pag and in honour of its lace, lacemakers and the whole of Pag, the First International Lace Festival was organised last year.

The history of lacemaking, preserved on the Island of Pag for more than five centuries, is also intriguing. In the St. Margarite Benedictine monastery in 1579 a girls’ school was founded, where lacemaking was taught, and the lacesewing tradition in the monastery has survived to this very day. Through 5 centuries many individuals and institutions have contributed to the preservation of the lacemaking tradition on the Island of Pag. One of them is Frane Budak, a politician and the Mayor of Pag from the beginning of the 20th century, who understood the importance of Pag lacemaking and who welcomed the idea of founding a Lacemaking school. Thanks to the cooperation established between the City Administration of Pag and the Viennese Court, the Lacemaking School was founded in 1906 in Pag and this marked the beginning of a new period for lacemaking in the City of Pag. For the purposes of the school, Frane Budak created numerous designs for Pag lace which stand out with their exceptional beauty and still serve as lacemaking patterns for Pag lacemaking even today. www.atlas-croatia.com
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For reservations and any additional info, please contact: Ms. Ivana Karavidović (events@amcham.hr).
Croatian IT professionals see the network as a strategic asset for their companies
Cisco Croatia was hosting its tenth, jubilee, Expo conference, „Collaboration and Virtualization without borders“ at the end of March in Split - a must-attend event for all professionals and business people in Croatian IT and telecommunications. This year’s Cisco Expo gathered more than 650 participants - decision makers and experts from the IT sector, the wider business community and key officials from public administration.

The President of Croatia Ivo Josipović opened the conference and said: “When we talk about information and communication technologies we always need to bear in mind the human - technology must be adapted to every human being and his daily, both personal and business needs.”

The General Manager of Cisco Croatia Ana Blažinčić said: „During the decade of its existence, Cisco Expo has become not only a must-attend event, where Croatian and regional ICT experts have an opportunity to mingle with their colleagues, and where they can talk with the experts who design and develop Cisco technology solutions, but Expo has also become a place where people can discuss industry trends as well as carefully research potential solutions that can help them in their everyday business.”

It seems that participants at Cisco Expo see the network as an innovation engine and one of the most strategic assets in IT. As more demanding applications, such as video and desktop virtualization, become part of everyday business, the strategic role of the network has never been more critical. In fact, 63% of respondents said that investments in networking technologies bring the greatest return for their companies, followed by other hardware investments and broadband internet connectivity (16% each). When asked about plans to implement virtualization projects in some segments of their IT infrastructure, the overwhelming majority (89%) responded that they already have or are planning virtualization projects.

**Important Recognition by the Sector of the Croatian Post Office at World Level**

The Croatian Post Office with two nominations in the finals
For a second consecutive year now the Croatian Post Office has made its way into the finals of the prestigious World Mail Awards for postal operators; the award presentation ceremony took place on Tuesday, 17th May, in Brussels. From altogether 10 categories, after initial selection, the Croatian Post Office made its way into the finals of two of them, Corporate Social Responsibility and Human Resources Management, for its projects of improving the organizational climate and for the humanitarian foundation „Vaša pošta” (“Your Post Office”).

Apart from the awards presentation, a conference entitled “World Mail & Express Europe 2011” was also held in Brussels, at which the Croatian Post Office presented its projects and news in the field of human resources.

The President of the Croatian Post Office Board Robert Jukić proudly spoke of the mere fact of recognition by the sector at world level: „It is a great recognition for the Croatian Post Office to be in a position to test the strength of its projects with the world’s best postal operators. Just to be nominated, to make it into the great finale, to be among three of the ten best postal operators in as many as two categories, and in the end to earn recognition by the sector is a very important achievement for our company and our economy in general. It is a great award for all our employees whose commitment and efforts have contributed greatly to the market success of the Croatian Post Office”.

Thanks to their proactive market approach and the alignment of the business with European standards and the restructuring process, the Post received recognition for its projects in improving the business climate and the humanitarian foundation Vaša pošta (Your Post Office). Last year at the same competition, the Croatian Post Office gained recognition for its restructuring project and for the achievement of important goals from its Company Development Strategy by 2013.

The success achieved already in terms of the nominations was also commented on by Mario Bebić, Executive Director of the Human Resources Office: “I am proud that the sector has recognized the projects that have resulted in a notable increase in the organizational climate index. Projects like evaluation of work efficiency, internal promotions, awarding business excellence, continual training and investment in our employees have thus gained recognition, not only by our employees but also by the international public in the sector. Human resources are the strength of each company”.

These nominations represent a great acknowledgment of the Croatian Post Office for its efforts so far as well as an additional motivation for its further development and maintaining users’ and employees’ confidence.

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**Cisco Expo Croatia**

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**Important Recognition by the Sector of the Croatian Post Office at World Level**
THE 5TH ORACLE DAY: THE INFORMATION AGE 2011, MORE THAN 500 PARTICIPANTS

As was noted at the Oracle conference, the interest of our associates and all parties involved was above any expectations, and extra seats were sought. The conclusion may be drawn that the 5th Oracle Day: The Information Age 2011, held on May 3rd at the Hypo Expo XXi center, was extremely successful.

The representatives of Oracle did not focus solely on the theoretical part. Instead, the second part of the conference was divided into two panel discussions with business associates and customers exchanging their experiences about their case studies. This was mentioned at the opening by the Managing Director of Oracle Croatia Marin Tadić. In the opening speech a small digression was made as Tadić talked about competition and partnership - about the advantages of healthy partnership vs. seeing other companies as competition. The emphasis was on the Company HP. The same point was addressed by Boris Bauk, Managing Director of Hewlett-Packard in Croatia.

The conference topic followed the latest trends – it was about “Cloud Computing”. “Cloud computing” presentations had already been given by other IT companies. However, Oracle’s presentation although perhaps slightly late, was different – it presented case studies from its beneficiaries - the Tovarna duhana Rovinj (Rovinj Tobacco Factory), Hrvatska ljudska (Croatian Lottery), Zagrebačka banka, Croatia osiguranje (Croatia Insurance), Si.Mobile from Slovenia and Montenegro.

The main speaker at the conference was Jean-Claude Michaca, Vice President of Oracle FMW (Fusion Middleware). He began his speech on a humorous note by mentioning that he is changing his name from „Claude“ to „Claud“, which received a positive reaction from the audience.

The associate organization behind this year’s conference was the Croatian Employers’ Association. And, as every year, associates and sponsors (Combis, Ericsson, IN2, Multicom, Neos, Infodorn, S&T, Asseco, Dekod and Computech) presented their own solutions at the exhibition.

THE 30TH ANNIVERSARY WEBSTER BALL
14TH MAY, 2011

Close to 500 people (alumni, graduates, students, faculty, staff, advisory board members and VIPs) attended the 30th anniversary ball of Webster University’s Vienna campus. The Webster community celebrated an outstanding, high-end event in the grand surroundings of Vienna’s Auersperg Palace. It was a Viennese summer ball featuring everything a traditional Austrian ball should have: from corporate sponsoring, VIP patronage and presence, a cocktail reception, an official opening with 14 Webster couples wearing beautiful white ball gowns and tuxedos, a fashion show by Webster alumnus Aleksandar Zabuncovic, B.A. ’08, a Lancôme make-up corner, a raffle with the proceeds going to the charity “Kleine Herzen” (little hearts), great Lancôme giveaways, classical music, and a disco. As Arthur Hirsh, the Director of Webster University Vienna stated: “The whole event was so spectacular, it took my breath away!”

JONES LANG LASALLE ANNOUNCES MERGER WITH KING STURGE

Two leading real estate advisory firms combine European operations

Global commercial real estate firm Jones Lang LaSalle (NYSE: JLL) announced it will merge with international property consultancy King Sturge. The combined firm will be the clear leader in the UK and also in continental Europe, with greatly enhanced strength and depth of service capabilities across the region that will directly benefit the clients of both companies.

The transaction is expected to close on 31 May 2011. Under its terms, Jones Lang LaSalle will pay consideration of £197 million ($319 million) to the partners of King Sturge, with £98 million in cash at closing and the balance paid out in cash over five years.

All 43 King Sturge offices and businesses across Europe, including 24 in the UK, will become part of Jones Lang LaSalle and will operate under the Jones Lang LaSalle brand. Integration of business lines and teams, and the full rebranding of all business activities, will begin immediately.

Christian Ulbrich, Jones Lang LaSalle Chief Executive Officer for EMEA said: “The obvious strategic and cultural fit between Jones Lang LaSalle and King Sturge makes this a logical and very attractive proposition for both firms. It gives us a scale and depth of expertise that will make our client service delivery capabilities second to none in both the UK and continental Europe.”

Richard Batten, Joint Senior Partner, King Sturge said: “This is a coming together of two great companies who are culturally aligned, with fantastic business synergies, to create the best firm of property advisers in Europe. We truly believe that we will be better together. The ability to operate on a global platform, and the opportunities that this will provide, is great news for all our staff and clients.”
The merger will deepen mutual strengths and existing leadership positions. It will also bolster overall service delivery capabilities. The merged business operates in 70 EMEA markets across 30 countries employing 5,300 people providing integrated real estate services worldwide to investor, owner and occupier clients. The UK business will have 2,700 employees across 34 offices.

CROATIAN POST OFFICE RECEIVES CREATIVITY AND INNOVATIVENESS AWARD FOR 2011

In the category „Creative and Innovative Sustainable Development Projects“ for its Good People for Croatian Children project

The goal of the Croatian Post Office’s project “Good People for Croatian Children” is to help children without adequate parental care who live in 18 children’s homes throughout Croatia. The donated funds will be accessible to children and used for them exclusively in the critical period when they leave the children’s home and start living on their own. This project has so far enabled the payment of insurance policies for more than one hundred children in the total amount of 5.5 million HRK. As support to the project, the Croatian Post Office has set up the “Your Post Office” foundation with the goal of providing insurance coverage for all children from children’s homes in Croatia and help through its new projects those who do not receive sufficient aid to enable them to have a better life throughout the year. Apart from Croatia, the project has recently received the international recognition of the postal sector through admission into the finals of the World Mail Awards.

ALPHEUS INSIGHT - ENGLISH-LANGUAGE NEWS PORTAL

Alpheus is a public affairs agency specialized in establishing and maintaining efficient stakeholder communications and advocacy strategy with the goal of addressing challenges as well as capturing the available opportunities of its clients. Having perceived the advantages of being provided with insights and context necessary to understand the political and economic developments in Croatia for its target clients’ businesses, Alpheus Public Affairs has recently developed a new service – Alpheus inSight. Alpheus inSight is an English-language news portal specifically tailored to suit the needs of businesses and diplomatic envoys interested in the most important Croatian news on politics and business. Its story selection is aimed at reporting the news on developments most likely to have a future or immediate impact on the Croatian political scene, public opinion, relevant legislation, foreign investments, entrepreneurship, international and regional relations, and other subjects of interest to businesses and diplomats.

In addition to daily news on the most important topics, available online to Premium subscribers, inSight also offers a database of dossiers on the most important people, companies, institutions and events, which is constantly expanding and regularly updated with the most frequent information, providing an easily accessible, cross-referenced background to the key players in Croatian politics and business. To those seeking a concise, easily readable and printable overview of daily and weekly events in Croatia, Alpheus inSight offers daily and weekly reports in the form of a PDF document delivered straight to the subscribers’ inbox. The quality of writing and reporting adhere to the strictest criteria, in accordance with the portal’s target audience, with the ultimate vision of becoming the preeminent source of English-language news on Croatia for diplomats and business executives.

DHL EXPRESS CROATIA WINS ‘BEST EMPLOYER 2011’ AWARD’S 1ST PLACE FOR MIDDLE SIZED COMPANIES

ZAGREB, JUNE 1ST, 2011

DHL Express, was officially proclaimed to be the 2011 “Best Employer in Croatia” of medium sized companies. The award ceremony was held at The Regent Esplanade and was conducted by MojPosao. This was the second “Best Employer Survey” conducted by MojPosao covering more than 3,000 employees, making it one of the largest employee research projects undertaken in the region. The study provides a definitive benchmark against which organizations measure how effective they are in providing a workplace that engages both the “intellectual” and “emotional” commitment of people. The research was conducted using a questionnaire consisting of 50 key statements from the six research areas: Strategy and Leadership, Work, Motivation and Reward, Training and Development, Interpersonal relations, Loyalty and Job Security Perception.

“This prestigious award is great recognition for DHL Express Croatia,” said Ms. Srebrenka Saks, Country Manager, DHL Express Croatia.
tia, and continued: “DHL Express has a tradition of employee surveys, asking their opinion and their job satisfaction. The results of such research are used to improve everything suggested by our employees as areas for possible improvement. We are very pleased and proud of this award and the high first place.

Being recognized by our own employees as the Best Employer is certainly powerful knowledge. Each employer has something that makes him valuable and desirable, but every employer is as good as the level of satisfaction of his employees. The power of DHL Express is in its employees - their motivation, satisfaction with their status, interpersonal relations, their readiness for learning and training. They are our greatest asset, therefore the satisfaction of our employees is DHL’s greatest success!”

>> MIKRONIS CELEBRATES 10 SUCCESSFUL YEARS

The Mikronis Notebook Center this year celebrates 10 years of business, during which it has been confirmed to be the leading notebook and additional equipment store. Mikronis has a 10 percent share of the notebook market in Croatia and an impressive client list, with leading Croatian companies, foreign offices, agencies and public administration. In their notebook selection, which is the biggest in Croatia, there are world leading brands such as HP, Lenovo, IBM, Toshiba, Dell, Asus, Fujitsu, Acer and Apple. Besides notebooks, Mikronis offers a wide selection of desktop computers, servers, printers, monitors, projectors, components, programs, network and other equipment. If you add the fact that Mikronis is a Microsoft Certified Partner, that it has a support from the Zel-Cos sister company, specialized for IT systems development and maintenance, and the fact that at the end of last year the HP Brand Store opened as the first specialized HP store in Croatia, Mikronis really has numerous reasons to celebrate.

“I am very proud that Mikronis managed to hold on to the leading position as the Croatian specialized notebook store, despite the strong competition on the market. Still, we are most proud of the fact that we kept our accessibility and individual approach, along with our professionalism and competence, and our reward is the confidence and high level of contentment of our clients”, said Gordana Puhelek, CEO of Mikronis Notebook Center.

Numerous certificates, such as ISO 9001:2008, show the significant orientation to efficiency of business processes and constant track and improvement of their partners’ and clients’ satisfaction. Employees are the key link in the chain in Mikronis, and with their competence and experience they are actively involved in the achievement of business goals. Along with a sustained plan of specializations, education and training, Mikronis also pays a great deal of attention to the availability and courtesy of employees, as in that way they can give clients accurate and specific information.

>> MICROSOFT WINDAYS11

The eleventh Microsoft WinDays conference took place this April in town of Rovinj. Building upon the last year’s concept the conference again comprised of the WinDays11 Technology conference, held for four days, and a business conference, held for two days at the end of the week. More than 1600 attendees have visited the conference this year.

The technology conference focused mainly on the significant technology shift that is happening right now: the move to cloud computing. While Cloud computing is not a completely new paradigm, the technology is now reliable and mature enough to provide real benefits to the business end-users as well. As more and more companies try to assess their infrastructure and computing costs and bring them more in line with their real business requirements, cloud computing helps to lower the infrastructure costs while at the same time easing application development and deployment. Instead of investing in the software and hardware resources that you are never going to use to their full capacity – such as high-performance servers – imagine if you could pay just for the fraction of the computing power that you actually use to run your business applications.

Microsoft already offers a full cloud computing platform: from the platform itself – Microsoft’s offering in this space is called Azure – and the client tools that end-users are going to use to access the new applications. Even Office applications and business applications, such as CRM, are successfully moving to the cloud with the new Microsoft Office 365 product, and the new Internet Explorer 9 and Windows Phone 7 are built with the new cloud computing applications in mind as well.

WinDays business conference has shown that there are many business challenges still left to address: such as competitiveness and doing business in the region. New business models are being defined through advances and new trends in technology, marketing, sales and media, but being able to implement them successfully remains a challenge for many organizations. Many expert panels were held to address the problems of education, intellectual property rights and raising capital.

The Croatian economy still relies primarily on SMEs (small and medium enterprises), and these companies can directly benefit from new technologies such as the cloud computing.
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ORBICO d.o.o.
KOTURASKA 69
10000 ZAGREB
PHONE: 385 1 3444 800, FAX: 385 1 3444 841
WWW.ORBICO.HR, E-MAIL: ORBICO@ORBICO.HR
Orbico Ltd. is part of the Orbico Group which employs 2328 employees, operates in 10 South East Europe countries, cooperates with more than 50 suppliers and manages more than 200 global and local brands. All the companies in Orbico Group are in majority or total Croatian ownership.
Orbico Ltd. was founded in 1998. Our core business is sales, distribution and logistic services. Our sales division is qualified to cover the entire market including special sales channels. We also have an extensive distribution network, a modern logistic/distribution center, branches and cross-docks all around the country and a customer & sales oriented back office. Some of our partners that conduct business with us in Croatia are Procter and Gamble, Philip Morris, SC Johnson, Nestlé, General Electric, Bolton, Laško Group and many others.
Our vision is: to be the leading distributor in Croatia.
Our mission is: to provide logistic and sales services of top quality to our customers, to establish a long-term quality relationship with our business partners and to create an environment for our employees which inspires excellence in what we do.
We are aware of the importance of quality of performance, professionalism and motivation among employees. Therefore, one of our priorities is to ensure the continuous professional development of our employees in accordance with the organization’s needs as well as their personal aspirations. We are also extremely proud of the results of the Research on the Best Employers in 2007, 2008 and 2009, where for three consecutive years we were positioned in the high, third place among the leading employers.

PODZEMNO SKLADIŠTE PLINA d.o.o.
SAVSKA CESTA 88A
10000 ZAGREB
PHONE: 385 1 6301 600
FAX: 385 1 6301 779
E-MAIL: PSP@PSRHR, WWW.PSRHR
CONTACT PERSON: DAVORKA PRAHIN, SECRETARY OF THE BOARD
Podzemno sladiště plina d.o.o. (Underground Gas Storage Ltd.) Zagreb, is the Croatian gas storage system operator, founded on 1 May 2009. The basic capital of the company at the moment of foundation was HRK 531 mil.
Underground Gas Storage Ltd. mission is to provide safe and reliable gas storage system respecting the demands of consumers, in compliance with non-discriminatory regulations.
Underground Gas Storage Ltd. tends to provide and increase the security of gas supply to consumers, develop the gas storage system in the safe, reliable, environmentally sound and economical conditions in compliance with EU regulation and the liberalised EU market.
By the implementation of the development plan 2009-2013,
approved by the Ministry of Economy, Labour and Entrepreneurship of the Republic of Croatia, and the construction of the new underground gas storage in Grubišno polje, Underground Gas Storage Ltd. will increase the security of gas supply to all customers in the Republic of Croatia.

The quality management and environmental protection system in Underground Gas Storage Ltd. was certified according to quality systems ISO 9001-2008, ISO 14001-2004 and OHSAS 18001-2007 and one of the goals of the Company is permanent improvement of quality management system and environmental protection defined by the quality commitments with the purpose of increasing effectiveness of all business processes and environmental protection.

**NEW MEMBERS**

**INSIG2 d.o.o.**

BUZINSKA CESTA 58
10010 ZAGREB
PHONE: 385 1 6386 600
E-MAIL: INFO@INSIG2.EU, WWW.INSIG2.EU

**CONTACT PERSON:** GORAN OPARNICA, CPP, CISM, DIRECTOR,
GORAN.OPARNICA@INSIG2.EU

INSIG2 is active in the area of both ICT and physical security. We can design, implement, integrate and maintain the most sophisticated security systems. Our competencies cover good knowledge of the principles of IT security governance, design of high tech physical (electronic) security systems, and integration between logical and physical security systems and maintenance.

INSIG2 consultants are experienced in designing security programs for each company according to the company’s business strategy. Security programs will ensure that all the company’s valuable information assets are protected in the most efficient way.

Physical (electronic) security system design is one of the critical steps in securing companies’ physical assets. Knowing business needs, sources of threats and risks are the bases on which our experts propose technical solutions and organizational policies for the operation of physical security systems.

**Computer forensics investigation:** The nature of crime is changing on a daily basis. Thieves no longer need guns, today computers are more than enough. Digital evidence is not easy to hide, but also not easy to find. Our experts are well educated and experienced in conducting digital forensics investigations, finding digital evidence and preparing reports to be used in court.

**Business Continuity Planning:** The main goal of Business Continuity Planning is to plan in advance how a company will continue to operate in the case of emergency. Each company defines for itself what constitutes an emergency. INSIG2 consultants can help our clients define what business processes need to be continued, how to define an emergency, how to implement an organization to support Business Continuity Plans, how to implement plans and how to maintain plans.

**LAW OFFICE MARIJA PUJO TADIĆ**

BERISLAVIĆEVA 20
10000 ZAGREB
PHONE: 385 1 2335 982
E-MAIL: MARIJA.PUJO-TADIĆ@ZG.T-COM.HR

The law office of Marija Pujo Tadić, attorney-at-law, is one of the few in Croatia providing specialized legal services in the field of environmental law. The services provided by the office include consultancy in applying for EU funds, especially in environmental law. Marija Pujo Tadić, apart from being an experienced attorney-at-law, also possesses extensive knowledge of alternative dispute resolutions (mediation), which is a key method in settling disputes in the EU. She has been listed as a Mediator in several prominent institutions, such as the Croatian Bar Association, the Croatian Chamber of Commerce and the Croatian Mediators’ Association. The office has also been successfully providing legal services in other fields of law: administrative law, corporate law, employment law and others.

**LAW OFFICE MARIJA PUJO TADIĆ**

BERISLAVIĆEVA 20
10000 ZAGREB
PHONE: 385 1 2335 982
E-MAIL: MARIJA.PUJO-TADIĆ@ZG.T-COM.HR

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**THE ZAGREB PHILHARMONIC**

TRG STJEPANA RADICA 4, PP 909
10000 ZAGREB
PHONE: 385 1 6060 103
FAX: 385 1 61 11 577
E-MAIL: ZGFILHAR@ZGF.HR, WWW.ZGF.HR

The ZAGREB PHILHARMONIC - an orchestra with an 140 year-old tradition of masterly music making in Zagreb and Croatia. The number 1 orchestra in the country and one of the best known in the region. A promoter of musical art throughout Croatia and a cultural ambassador of Croatia in the world.

A cultural landmark of the city it resides in, a musical institution with a glorious past and grand tradition, embodying the urban image of Zagreb as a Central European musical, artistic and cultural centre. Ever since it was established, the Orchestra has brought the best classical music to the Croatian capital, having its history written by first-rate conductors and numerous renowned soloists.

Under the leadership of their lifelong honorary chief conductor, the legendary Maestro Milan Horvat, in the new season the Zagreb Philharmonic Orchestra is preparing numerous musical novelties.

The season 2011/2012 is bringing you five concert cycles: Red, White, Blue, Regional and Star. As of fall 2011, we will enjoy performances of some of the greatest names of the world music scene, from Ivo Pogorelić to Sir Neville Marriner.

With its Regional Cycle, the Zagreb Philharmonic Orchestra will initiate cultural collaboration with both the Belgrade and the Slovene Philharmonic, as well as encourage new audiences with the special “Star Cycle” which will host some of the greatest music stars, ranging from the American diva Denyce Graves to the famous Latin jazz pianist Michel Camilo, and from the Croatian pop singer Nina Badrić to the cross-over pianist Maksim Mrvica.
MEET IN DUBROVNIK

Open all year round