**Intelektiv Conference**

**To Compete or Not to Compete: Attracting Investment and Creating Jobs in the Global Economy**

**Is the Croatian Tax System Competitive? A Story of the Good, the Bad and the Ugly**
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
- 35% discount on all advertising
- One free E-bulletin ad
- Special event

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

Patron Members
Dear Members and Friends,

With the New Year, Croatia got a new government that is expected to implement structural reforms aimed at creating preconditions for re-starting the economy, economic growth and job creation. Therefore, this issue of News&Views is dedicated to competitiveness. According to the four relevant indices dealing with countries’ competitiveness, Croatia is positioned rather unfavorably. World Bank’s Doing Business report from 2011 ranks it at 80th place, the IMD World Competitiveness at 58th, WEF World Competitiveness Index at 76th and the Legatum Prosperity Index at the 41st place. AmCham Croatia, in collaboration with regional AmChams, is preparing its own report on competitiveness, which we believe will help to make concrete conclusions on how and where to make the changes that will contribute to better competitiveness of Croatia. H.E. James B. Foley has also pointed out the necessity of change in his speech held on March 1 that we publish in this issue.

One of the issues essential to attracting investment is intellectual property protection. AmCham has recently organized the third annual conference on intellectual property, and among the guests was also President Josipović. We bring you conclusions of the conference and impressions from numerous panels which were attended by representatives of companies dedicated to innovation, legal experts and representatives of Croatian institutions.

In the modern economy, where most want to achieve competitiveness through innovation, people make the difference and you can read more about the importance of human capital for development. Croatian Accession to the European Union is getting closer, so a year before accession, read what we can expect from July 1, 2013.

This year is really important for Croatia. We are expecting government activities for reviving the economy and companies adapting to new conditions of operating in the European Union. AmCham committees are increasingly active. If you have not already, get involved in committee work and with your knowledge and opinions participate in defining the Chamber’s positions. I hope to see you soon at one of the committee meetings.

Andrea Doko Jelušić, Executive Director
7TH REGIONAL TAX CONFERENCE
March 7, 2012 - Prague

7th Regional Tax Conference, organized once a year by different American Chamber of Commerce from the CEE region, was held in Prague hosted by the American Chamber of Commerce in the Czech Republic. The annual tax conference brought together experts from around the CEE region to discuss the results of past reforms and debate tax policies at the national and European level. Cherie Ford, Partner-PricewaterhouseCoopers d.o.o. and AmCham Croatia Board member, participated at the panel 'Tax as an Economic Development Policy'.

How can a country craft a tax policy that abets economic prosperity and stabilizes public finances, while at the same time contributes to the perception of a fair and honest society? This was one of the questions speakers tried to answer.

The key issue of this year’s tax conference was crisis and its impact on reforms. Speakers agreed that the crisis in Europe has shone a bright light on the importance of tax. Not just rates are important, but the ability to collect taxes of any kind at any level is crucial. Tax system does not work if the government is not able to persuade its citizens to pay their required share, and if it cannot prevent corruption within the ranks of its tax collectors.

Governments across Europe are being challenged by citizens about who pays and who benefits from their existing system. “The main lesson is that we will not have stable fiscal policy until we have a healthy economy, and that we will not have a healthy economy until tax policy is both predictable and supportive of private sector expansion,” added Weston Stacey, Executive Director of American Chamber of Commerce in the Czech Republic.

SPEED NETWORKING
February 14, 2012
Hotel Dubrovnik, Piccolo Mondo

AmCham held its second Speed Networking event. AmCham members, mostly sales and procurement managers, exchanged business cards in a moderated concept of 2 minute conversations with each person. We received positive comments to the concept as it proved to be a great way to enhance networking opportunities among our members.

AMCHAM EU BRUSSELS BRIEFING 21-23 March, 2012

AmCham Executive director, Andrea Doko Jelušić participated at the annual AmCham EU Brussels Briefing for members of the AmChams in Europe. Some of the program highlights:

• Cocktail in the European Parliament with MEPs, national Permanent Representatives (Ambassadors), senior US Mission staff and AmCham EU members

• Transatlantic Conference to launch the Transatlantic Economy 2012 report with high level speakers including Karel De Gucht, European Commissioner for Trade, Joe Quinlan, Center for Transatlantic Relations, Johns Hopkins University, and H. E. Ambassador João Vale de Almeida Head of Delegation of the European Union to the United States

• Private lunch with H.E. William E. Kennard, US Ambassador to the EU

• Policy Briefings on relevant issues for close cooperation with national AmChams from EU Officials, journalists and executive members of AmCham EU

MEETING WITH THE MINISTER OF ENVIRONMENT AND NATURE PROTECTION MIRELA HOLY

AmCham delegation consisting of Andrea Doko Jelušić (Executive Director), Marija Pujo Tadić (Chair of Environment Committee) and Robert Gogić (PZ Auto) met with the Minister of Environment and Nature protection Mirela Holy to present the AmCham’s new position paper “Pollution Charges for Environmental Protection”. Minister Holy confirmed that the Ministry is preparing a new law regarding automotive industry and thanked AmCham members for their inputs. She also confirmed their support for the environmentally friendly technologies used in automotive industries. AmCham’s Environmental committee will, following the Minister’s recommendation, hold an additional meeting with the deputy Minister Hrvoje Dokoza.
**GM BREAKFARTS**  January 27, 2012

In January, AmCham held the first in the series of GM breakfasts. GM Breakfarts are small informal gatherings of member GMs (up to 15 invitees) that give an opportunity to discuss common business issues and learn about AmCham projects. GM Breakfarts will occur on a regular basis. They are not limited to a single member category and are free of charge.

**1ST INTERNATIONAL TRADE FAIR OF INVESTMENT PROJECTS AND COMMERCIAL PROPERTY FOR THE ADRIATIC REGION**  April 19-20, 2012 - Hypo Business Center, Zagreb

AmCham supported event

REXPO Zagreb 2012 is the first international business expo of commercial real estate, investment projects and related industries in the Adriatic region. On REXPO will be presented firms and projects from Croatia and countries in the region: Slovenia, Serbia, Bosnia, Montenegro, Albania, Kosovo and Macedonia. Through forum, presentations and 7 panels REXPO will assemble investors, developers, state and local government institutions representatives, banks, contractors, architects, agents, hoteliers, educational institutions and other professionals interested in this dynamic and exciting economic sector.

Since AmCham supported REXPO fair all members have the opportunity to participate at the REXPO Zagreb 2012 with a special offer of 20% reduced tickets.

The main goal of this expo is to give contribution to the new investment cycle and to bring together all market participants interested in B2B and B2G relations, who are relevant in the field of investment and commercial real estate projects. Through new models of cooperation REXPO offers an opportunity for new business contacts in the region, attract new investors, promote investment potentials of the region, present attractive investment projects and bring out positive investment examples. That includes presentation of business opportunities, possibility to discuss new business ideas and to exchange business experience and contacts.

For this event there is already a wide interest of future participants from international and regional markets together with their people of different political levels, then from foreign embassies and investors. REXPO also has written support from the president, ministries and relevant associations.

To learn more about participation fee, special offers and registration please visit [http://www.rexpo.hr/en/](http://www.rexpo.hr/en/)

**EU-CROATIA BUSINESS AND INVESTMENT SUMMIT 2012**  AmCham supported event

Now that Croatia is set to join the global EU marketplace, discover new investment opportunities, trade developments and potential growth to your business in the Region!

Euroconvention’s flagship event EU-Croatia Business and Investment Summit 2012 will take place in Zagreb on 23/24 May, providing an ideal informative and match-making platform for existing and new investors, businessmen as well as policymakers.

Topics such as infrastructure and logistics, advanced transport, energy and renewables, real estate and tourism, regional cooperation, private equity and venture capital, banking and finance, PPP, etc. will be at centre focus.

Croatia is also prioritizing both domestic and foreign investments in its less-developed regions, through projects in all sectors – that can contribute to greater economic diversification and regional integration.

The agenda and the registration form are available on [www.euroconvention.com](http://www.euroconvention.com).

**BRANDING, EXHIBITING, BUSINESS DEVELOPMENT AND SPEAKING OPPORTUNITIES**

If you wish to upgrade your presence, this flagship event will provide you with an opportunity to raise your company’s profile, to highlight your expertise, to boost your business development objectives in this dynamic regional economy.

If you are interested, we welcome your call or email to:

Natalia Jacosova: Phone: +421 257 272 870, Email: nj@euroconvention.com

We look forward to discussing further your participation to this Summit at your earliest convenience.
THE ANNUAL BUSINESS CONFERENCE on Intellectual Property was held in the FORUM Congress center at the Green Gold Center, Zagreb on March 14, 2012. The Conference was organized by the American Chamber of Commerce in Croatia with support from its Intellectual Property Rights Committee. Now held for the third year, Intelektiv was attended by 120 participants from all over Croatia. Through a series of lectures and 4 panels, Intelektiv 2012 provided insight into the latest developments in EU intellectual property legislation, the challenge of protecting intellectual property in the digital age and the potential for development and commercialization of innovative products. Through 18 reports by experts, managers and entrepreneurs, this year’s Conference topics covered a wide range of topics, all inspired by Croatia’s impending entry into the European Union.

The morning section was opened by the President of the Republic of Croatia Prof. Dr. sc. Ivo Josipović, the Deputy Chief of Mission of the U.S. Embassy Mr. Hoyt B. Yee and the President of the American Chamber of Commerce, Mr. Ivan Vidaković, CEO of Microsoft Croatia. Bruno Alves, Government Affairs Manager Nike, Inc. Belgium introduced the participants to the problems and future of the enforcement of intellectual property rights in CEE in the light of EU enlargement. In addition, the experiences of Slovenia on their road to the EU were shared, as well as the intellectual property implications of the accession of Croatia to the EU. This important information was conveyed to the participants by Mr. Bojan Pretnar, former Director of the Intellectual Property Office of the Republic of Slovenia and a former high official of the World Intellectual Property Organization (WIPO, a specialized UN agency) of Geneva, Switzerland. Finally, the morning section was concluded by a lecture on challenges to and plans of Croatia as the EU external border and with a lecture on the challenges of enforcement of intellectual property rights in the digital age, presented by Messrs. Ninoslav Babić of Croatian Customs and Ivan Mijatović of the Criminal Police.

The afternoon session was divided into two main tracks: New Business Models in Digital Economy and Innovation and Opportunities. Consequently, depending on their specific interests, the attendees could choose between those two main tracks which were then each divided into two separate panels, with the chance for attendees to participate in discussions, ask questions and exchange opinions with the panelists.

The first panel, on the topic Economy and Innovation and Opportunities, shared their experiences in doing business in Croatia. Certain difficulties in the challenging and constantly changing business environment and today’s competitive market were observed. The second panel, dedicated to some practical aspects and challenges of the intellectual property field was hosted by Mr. Ivo Friganović from the Business Innovation Center - Bicro, with Mr. Stipe Pavičić from IBM Croatia, Mr. Ante Marnić from Inteco Robotics and Mr. Mate Rimac from Rimac automobile. The speakers explained the power of innovation in the industrial business environment and how their experience in doing business in Croatia. Certain difficulties in the innovation based business in Croatia were observed. The impending accession to the European Union of the Republic of Croatia will certainly provide new opportunities for its innovators and lead to the sustainable economic and social development of Croatian competitiveness.

THE MAIN CONCLUSIONS OF INTELEKTIV 2012
Knowledge and intellectual property based industries have the highest potential for job creation. According to EU data, they are experiencing 24% growth in employment, compared with 6% in other industries. In Croatia, the perception of the importance of intellectual property is still not adequate.

The current climate of skepticism towards intellectual property is not conducive to the creation of jobs in the knowledge based economy Croatia is striving to build. Much more effort is therefore needed to reach out to the general public in explaining the role of non-material assets in modern societies.

Croatia’s impending accession to the EU represents huge and important opportunities for further reorganization of the local and regional economies so as to exploit properly the potential of protectable local knowledge and creativity.
MAKE SURE IT’S ORIGINAL

By Hewlett-Packard d.o.o.

THEY SAY THAT ImitATION IS THE SINCERest FORM of flattery, but there’s nothing complimentary to say about counterfeiters, who profit by stealing the innovation and intellectual property of others. Buyers of software, computer peripherals and other information technology should take caution: counterfeiters succeed when they deceive and defraud others.

But why should we, as consumers of technology, care about where the product comes from or who makes it as long as it works reasonably well at an affordable price. After all, the IT business is one of driving greater efficiencies and maximizing utility.

That misses the point. Even if we ignore the fact that counterfeit goods are illegal and blight society by taking sales away from upstanding merchants and jeopardizing legitimate jobs, there’s a larger quality issue that shouldn’t be ignored.

ORIGINAL QUALITY

Fake merchandise is notoriously risky. Without quality standards around components, assembly and handling, counterfeit are inherently inferior and won’t provide neither a satisfactory return on the purchase investment nor a positive user experience. While perhaps this is an exaggerated argument to eschew imitation tee-shirts or sunglasses, the danger that counterfeits pose for either the casual tech consumer or the IT professional is all too real. Connectivity, reliability and performance are all too important to entrust to just any supplier.

Only authentic, brand-name goods have a history of providing value for investment and benefit from important warranty pledges of quality and service.

Consider printing supplies. Only genuine ink and toner are backed by decades of investment and testing to produce the most reliable, consistent print quality. Photos printed with Original HP inks and HP paper, for example, last over 60 years longer than non-HP ink[1]. Potential risks of using counterfeit cartridges include poor quality prints or printer damage.

CONFIRM AUTHENTICITY

We recommend the following steps in order to avoid counterfeits:

- Only buy from known, reputable retailers with high quality standards
- Avoid bulk sales of allegedly HP print cartridges on online auction sites
- Be suspicious of unsolicited offers online or that arrive by e-mail (spam)
- If an offer sounds too good to be true, it probably is.


---

A SOLUTION TO THE ONLINE PIRACY PROBLEM: OFFERING CONSUMERS A LEGAL ONLINE MUSIC SERVICE

New technologies imply greater freedom for customers, but also greater responsibilities for all involved in the digitalization challenges.

As a medium, the internet has proved to have great potential over the last decade. It has also created new challenges which call for a specific legislation framework, whose establishment should in future guarantee customer freedom and security for legal entities and businesses at the same time. The regulation of e-commerce and intellectual property rights (IPRs) in the digital environment is a subject of increasing interest in the media and the public.

The claim that there is no supply of digital music in Croatia, is not entirely true. There are digital music services offered by Fonoteka, Cedeterija and Dallas Music Shop, all of whom are struggling to survive while music is predominantly being inconsiderately downloaded from illegal sources. It is true, however, that there is a lack of an all-inclusive digital service for music. It does not exist in Croatia, just as it does not exist in other eastern and southeastern European non-EU member countries.

According to the information collected over the last year by HDS ZAMP, the basic problem is the fact that Croatia is a fairly small market, and online piracy rates are estimated at an extremely high 99.9%. Aware of the interest of the public for a quality and available legal musical service, HDS ZAMP has contacted the international services, inquiring and inviting them to provide their services in Croatia.

In view of these issues, and with the goal of creating better conditions for the arrival of these music services, we have provided for a highly simple licensing process in a kind of one-stop-shop. We have initiated international cooperation on a regional level, agreeing upon unified conditions, in order to approach these music services as a unified regional market, larger than each of the markets individually.

All of the music associations in the country are currently, through the Croatian Music Institute, working on creating a comprehensive Croatian music service, i.e. on creating a Croatian on-line music service that would function as a combination of a streaming and download service.

But, all that said, the foreign services and investors in this project obviously find the high piracy rates a great obstacle. This part of the problem cannot be resolved by HDS ZAMP and other right holders of musical works alone, as they are, just like all other citizens, eagerly anticipating a quality domestic and foreign digital music service. It will take comprehensive action and cooperation by state bodies and collective management organizations, and by citizens themselves.
I want to thank the Innovation Institute for hosting me today, and thank you as well to Školska Knjiga and the Zuzul family for graciously allowing us to use your hall. The Innovation Institute is an organization dedicated to the dissemination of new ideas and to fostering the spirit of creativity and entrepreneurship needed to make Croatia competitive in the 21st century. It therefore struck me as an ideal forum for discussing the economic challenges facing all of us around the world and here in Croatia in particular.

Let me say from the outset that I am here to share ideas and observations, not to give lessons. I readily acknowledge that my own country is grappling with similar problems of debt and deficits, and that we have yet to find, or at least agree upon, the solutions. Moreover, I recognize that the Croatian government has only recently taken office and that it has done so under very difficult circumstances. To its credit, the new government has clearly articulated, and begun to implement, a much-needed program of economic reform. It has the support of the United States and we wish it every success in this endeavor so critical to Croatia’s future.

That said, having lived in Croatia for the better part of three years and coming closer to the end of my tenure as U.S. Ambassador, I wanted to share some broad observations of a philosophical nature concerning the kind of economy needed to create jobs and prosperity in the 21st century.

At the risk of being provocative, I will begin by saying that, for all the important things we have in common, I have been struck by what seems to be a sharp difference in the ways our two peoples look at some basic economic issues. In the United States, it is only a slight exaggeration to say that the businessman is king. At the very least, he (or she) is seen as a positive role model, both because his success is perceived to be a just reward for individual merit and effort, and because that success contributes to the well-being of others through job-creation and the spread of prosperity. Now anyone familiar with American movies knows that we are also wont to portray businessmen as unscrupulous or rapacious, and it is also true that in the wake of the financial meltdown a few years ago the critique of capitalism has sharpened even in the United States. But still as a society and culture we Americans place the highest value on individual liberty and we believe the free enterprise system is the natural economic expression of our political values and philosophy. We believe the government has essential responsibilities in regulating the market and assuring a social safety net, but we look to the private sector, not the state, as the generator of economic well-being.

In Croatia, by contrast, the profit motive seems to be less celebrated than it is in the United States, and the businessman is often viewed with suspicion. Meanwhile the state is seen as a critical guarantor of economic well-being and even, to a larger extent than elsewhere in Europe, the main source of national wealth. This perspective is to some extent clearly the result of the controversial privatization process that occurred in the 1990s, which was widely viewed as flawed and unfair, and which helped to give a bad name to capitalism. But there are probably deeper reasons for the aversion to capitalism that lie in Croatia’s Yugoslav past. My impression is that there is a high degree of nostalgia for a statist system that seems, at least in retrospect, to have functioned well enough to provide equality, job security and social protection for the greatest number. This is quite understandable, given the unique experience of the former Yugoslavia. Unlike in Central and Eastern Europe, where communism was perceived as an alien and Soviet-imposed system, and where the transition to the market economy was readily undertaken following the collapse of the Berlin Wall, the socialist system of Yugoslavia was home-grown and experienced as more humane and functional than the Stalinist model. Finally, perhaps the most critical difference with Central and Eastern Europe is that the post-communist transition in former Yugoslavia was not a peaceful one. On the contrary, Croatia in particular was born in
conflict; it had to fight a war for its very right to exist and for its territo-
rial integrity. The price the Croatian people had to pay in terms of lives
and economic destruction was immeasurable. It is no wonder there
was little appetite at war’s end for the shock therapy that Central and
Eastern Europe went through on the road to a market economy.

However, the consequence of this unique history is that Croa-
tia and the other countries of the former Yugoslavia were in some
sense shielded from revolutionary economic changes that in the
1990s swept other parts of the world. During those years capitalism
was embraced nearly everywhere, even by countries still ruled by the
Communist Party, such as China and Vietnam. And at the same time
we began to see the emergence of a global market ultimately link-
ing all the world’s national economies together. Globalization, as we
have come to know it, provided countries the opportunity to trade and
profit in every corner of the world, but also subjects them to competi-
tive forces without precedent in history.

Please understand: I am not defending globalization, only de-
scribing it. My own home town of Buffalo, N.Y., has dwindled in popu-
lation as industry after industry has collapsed or moved elsewhere,
often overseas. We in the United States are thus finding it immensely
challenging to compete with the emerging capitalist powers in Asia
and elsewhere, given their remarkable entrepreneurial dynamism and
their low labor costs.

But however much we may dislike globalization, there is no
escaping its logic. The fact is that in global terms we now find our-
selves in a kind of Darwinian universe where only the fittest will flour-
ish. We can complain about a so-called neo-liberal threat to wages,
living standards and social protections, but at the end of the day every
nation has either to embrace the competitive challenge or accept
economic decline. If there is one message I would wish to convey
to you today, it is that Croatia needs to become a more competitive
society and economy. I am not here to preach an American economic
model. Croatia will find the model that best reflects its values and
unique historic and cultural experience, and it will undoubtedly be a
European model, with greater emphasis on the role of the state than is
the case in the United States. My point is simply that a nation has to
be able to afford its chosen economic model. Sweden and Germany,
for example, feature impressively generous social welfare systems,
but this is because they possess remarkably successful and globally
competitive capitalist economies.

The harsh reality is that no nation can afford complacency in
the face of global competition. My own country is no exception. The
United States confronts a number of formidable challenges. Our bud-
get deficits and pattern of borrowing are not sustainable, and threaten
to leave an unacceptable burden for future generations of Americans.
While tightening our belts we also have to find ways to finance the
rising costs of supporting an aging population as millions of baby-
boomers reach retirement age, as well as to invest in the renewal of
our national infrastructure. We have to upgrade our educational
system and better prepare our citizens for the demands of the 21st
century economy. We need, in short, to become more efficient, in-
novative and productive if we are to remain competitive with the Chi-
nas, Indias, Brazils and the other emerging stars of globalization. But
Americans welcome the challenge. The United States is a competi-
tive nation, and competition has made us stronger in the past.

The main reason I am optimistic is that, despite the current
difficulties, the United States remains a land of opportunity where the
business culture and entrepreneurial spirit are as strong as ever. This
spirit of inventiveness, of looking to the future, is arguably the United
States’ greatest economic strength. In America the words “profit” and
“entrepreneur” are generally positive terms, not cause for suspicion.

In fact, the overwhelming majority of new jobs in the United
States come from small businesses that may one day grow to be-
come the next Google or Facebook. Many start-ups of course do not
succeed, but there is a culture of risk-taking and an accepted process
of “creative destruction” that works to keep our economy competitive
and future-oriented. In the United States, it is socially acceptable
to fail in business. Many of our most successful businessmen failed
early in their careers - such “learning lessons” are almost a badge of
honor. This is a matter not only of mindset but of business climate.
For example, in many states you can start a business online in less
than an hour and for under $100. And these start-ups are crucial to
the vibrancy of the American economy. Innovative companies such as
Facebook, Google, Microsoft, or Apple, which today employ tens of
thousands, did not even exist prior to the 1970s.

This brings me back to Croatia. As I mentioned, Croatia faces
many of the same challenges as does the United States and indeed
most of the Western democracies. We are all facing a moment of
reckoning after years of over-spending and borrowing. The new Croa-
tian government has therefore rightly focused initially on reforming
the budget. This is not a choice but rather a requirement to ensure inves-
tor confidence in the sustainability of public finances and in macro-
economic stability, and to maintain reasonable borrowing costs for
both the public and private sectors. However, as the new authorities
have also acknowledged, simply raising taxes and cutting expendi-
tures will not be enough to ensure that all Croatian workers find jobs.
They are also focusing on investments in strategic areas that can ori-
ent and underpin the country’s future economic growth, and they are
expected to tackle structural reforms needed to rationalize and mo-
dernize Croatia’s economy.

However there are serious limits to what the state itself can do
to stimulate economic growth and create the jobs Croats are look-
ing for today and into the future. The public funds are simply no longer
available, and large-scale borrowing is no longer possible. Growth,
jobs and prosperity will therefore depend on the private sector; they will
depend on whether the free market is functioning successfully in Croa-
tia. This means the creation of a business and investment climate that
encourages and rewards entrepreneurship by Croatian individuals and
businesses, and one that is also attractive to foreign capital. In sum, a
business and investment climate that is competitive internationally.

As a friend of Croatia I have to say in all candor that such a
climate does not exist today. If you ask most of the ambassadors in
Zagreb about the experience of investors from their countries, you
may conclude not only that the investment climate is not attractive
but in some sense is actively hostile. These investors speak of encoun-
tering local officials who are suspicious and often antagonistic to
their business projects; and of encountering bureaucratic and other
obstacles at all levels of government.
Lest you think I am exaggerating, let me make clear this is not a personal opinion: quite a number of international studies have reached this conclusion based on empirical analysis. For example, the World Economic Forum based in Switzerland publishes an annual Global Competitiveness Index. For the year 2011-2012, the WEF assessed 142 countries from all over the world. This year Croatia ranked 76th overall – not a good rating, but also not a bad rating. It puts Croatia roughly in the middle globally in terms of its economic competitiveness. Similarly Croatia ranked 80 out of 183 countries on the World Bank’s Ease of Doing Business Index.

However, when you examine specific categories by which the WEF measures the competitiveness of a country’s investment climate, Croatia actually ranks near the very bottom globally:

- Rigidity of employment index: 125th out of 142.
- Efficiency of the legal framework in challenging regulations: 126th out of 142.
- Efficiency of the legal framework in settling disputes: 129th out of 142.
- Wastefulness of government spending: 129th out of 142.
- Burden of government regulation: 137th out of 142.
- Agricultural policy costs: 139th out of 142.
- Extent and effect of taxation: 140th out of 142.

While these statistics seem depressing, the overall middle ranking results from the fact that Croatia is deemed highly competitive in other areas such as math and science education, scientific research, infrastructure, transport and communications. In other words, Croatia actually possess many of the attributes necessary to be successful economically and competitive globally. Indeed, given the educational level of your workforce, it seems almost absurd that Croatia is ranking so low on such surveys. The good news is that it is possible to improve the ranking dramatically by addressing identified shortcomings, as countries such as Albania and Hungary have done. And the positive consequences of creating a business-friendly environment – investment and jobs – are likewise rapidly attainable.

To an outsider the changes needed to improve the investment climate in Croatia look relatively simple and even easy to implement. Moreover, given that Croatia is otherwise extremely attractive to foreign investors, it is fairly certain that such improvements could lead rapidly to an infusion of capital that the Croatian economy urgently needs in order to grow and produce the jobs Croatian workers are looking for. However, for change to occur there has to be a desire for change. The statistics I cited are not likely the mere product of accident. Rather they indicate a system whose purpose is to make investment difficult and to some degree impossible. So the real question is whether Croats desire a system which fosters an entrepreneurial culture, rewards investment and welcomes foreign investment in particular. I understand that Croats are ambivalent in this regard – they want to preserve their country’s unspoiled beauty, they want to protect the environment; they want to safeguard Croatia’s unique culture, traditions and way of life. But they also have clearly not taken vows of poverty and so want jobs for themselves and opportunities for their children. In today’s ruthless competitive global economy, they can have this only if Croatia develops a business-friendly climate. Otherwise capital will go somewhere else, as it already does, to places where it is most welcomed.

As to the steps needed to improve the investment climate, a number of my ambassadorial colleagues in Zagreb consulted with businessmen, both Croatian and foreign, to seek advice and ideas. In December we published an article outlining a few targeted actions that would instantly make Croatia a more attractive investment destination and trading partner. I will mention a few of them briefly. The point I would underscore is that these are not American ideas as such; they are best practices of EU member countries.

First, Legally Binding Tax and Customs Opinions: Currently, foreign and domestic companies have no sense of predictability when budgeting for customs and tax assessments, as opinions given can be overturned or dismissed. This creates uncertainty and discourages potential investors. To help address this, a system could be established in which opinions obtained from tax or customs authorities are legally binding, allowing companies to predict tax and customs obligations. The Austrian government introduced such a formal legally binding ruling procedure in early 2011.

Second, Public Procurement Auctions Online: E-auction systems allow bidders to watch on-line the lowest price being offered for a specific product or service and to keep submitting counter-bids in real-time until the end of the auction. Croatia could establish an online system for public procurement auctions, similar to that which was implemented in the United Kingdom, Austria, and at least forty other countries worldwide.

Third, Deadlines for Permit Decisions: The biggest barriers to investment are the challenges that both domestic and foreign investors encounter when attempting to obtain permits for new development projects. Predictability for domestic and foreign businesses could be enhanced through legislation requiring government offices to abide by deadlines for the review and resolution of permit applications. Several EU countries, such as the Netherlands and Finland, have implemented similar measures.

Fourth, Labor Market Reform: I recognize that this is a sensitive matter, but I can tell you that, in my capacity as ambassador, the issue of labor market flexibility comes up repeatedly in my discussions with companies and potential investors. Protections for those who are lucky to have jobs is clearly important, but what about those who cannot find jobs and what about young Croats who will not have future job prospects if the Croatian economy does not attract investment and grow? Croatia might consider a “social” model, such as the ones implemented by Denmark or the Netherlands - two countries with very low unemployment rates which strive to balance security and training for employees. In Denmark, they call this system flexicurity: it refers to labor market flexibility in a dynamic economy, and security for workers. Regardless of the approach you choose, if you want greater economic dynamism and job creation, you will have to find a way to make it easier for employers to take on new workers - and, yes, sometimes, when appropriate, let them go.

Let me make clear that the United States is not only a friend of Croatia but we count on your success as a model and on your leadership in this region. And so we will continue to look for ways to support the strengthening and modernization of the Croatian economy, particularly in the development of entrepreneurship, and investing in...
Croatia’s youth. This year we are repeating a successful initiative that encouraged Croatian young people to think innovatively. The U.S. Embassy in Zagreb created the Ron Brown Apprentice Program to support business planning and entrepreneurial skills among University students (18-25 years). Our Public Affairs Section called for business plan entries from students in Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia, and Kosovo; successful businesspeople from each of the countries will evaluate the projects. The top three submissions from each country will win an award and attend this year’s Brown Forum in Opatija.

Last year, the U.S. Embassy successfully organized “The Brown Forum: U.S. and Southeast European Trade and Investment” in cooperation with the Government of Croatia, the Croatian President’s Office and the Croatian Employers’ Association. The event 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. It also resulted in an Action Plan outlining recommended reforms for the region’s governments and business leaders to improve the business and investment potential in the region.

I am pleased to tell you that we and the Croatian Government are again co-hosting the Brown Forum this year in Opatija April 2-3. The “2012 Brown Forum: Economic Opportunities at the Municipal Level” has a slightly different focus. This year, we will gather municipal and local government and business leaders from the region and the U.S. to discuss how local entities can initiate economic growth, provide support to local businesses and market a municipality’s resources and benefits to potential investors. Croatia has enormous potential, but the opportunities need to be understood at every level. We are excited that several mayors from the U.S. and Senator Mark Begich, himself the former mayor of Anchorage, have agreed to travel to Opatija for the Forum to discuss their own experiences attracting investment and transforming the economies of their cities and counties. We have more than a dozen U.S. firms already lined up to attend as well, to interact with Croatian and regional businesses.

In conclusion, let me affirm that the United States believes in Croatia and we are confident that Croatia will embark on the path of making itself successful economically. Croatia has many advantages that so many countries around the world would wish to have; only it is not benefiting sufficiently from these advantages. But the time for change has now come. After successfully meeting the first two monumental challenges in its short history – first, the winning of independence, and second, building of the state and the rule of law while integrating into Western institutions such as NATO and the EU – Croatia is on the cusp now of its third historic challenge, that of making itself competitive in the global economy and creating the conditions for job creation and future prosperity. Croatians are indeed a competitive people and successful in many areas of human endeavor. The newly elected government understands what is at stake and has begun to embark on the path of reform. The conditions are thus set for future success, and we wish Croatia well on its next journey.

In April 2011, the United States and Croatia cooperated on a landmark event – the Brown Forum: U.S. and Southeast European Trade and Investment. The event marked 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. Croatian, regional and U.S. business and government leaders gathered for important discussions about the potential for doing business together, which resulted in several new business collaborations and agreement on a joint Action Plan to improve the business climate in Southeast Europe.

To carry on the momentum built in Dubrovnik in 2011, the American and Croatian partners, the U.S. Embassy in Zagreb, the Government of Croatia, the Croatian President’s Office, the Croatian Chamber of Economy, and the Croatian Employers’ Association, will organize a second Brown Forum in Opatija April 2-3 with a more specific focus – local economic development and business growth. The event will gather municipal and local government and business leaders from the Southeast European region and the U.S. to discuss how local entities can initiate economic growth, provide support to local businesses and interested investors, and market a municipality’s resources and benefits to potential foreign and domestic investors.

The conference will feature a range of speakers and panelists from the region and the U.S. who will share their experience in successfully managing investment in local communities and growing local economies. U.S. Senator Mark Begich will deliver a keynote address focusing on his own six years as mayor of Anchorage, Alaska. During his tenure as mayor, Anchorage experienced the biggest building boom in a generation, attracting millions of dollars worth of public and private investment, and was recognized by both the Wall Street Journal and Business Week as a city well positioned to weather the international economic crisis. Participants in the Forum will come from Croatia, Serbia, Slovenia, Bosnia-Herzegovina, Montenegro, Macedonia, Kosovo, Albania, and the U.S.A. While participation is by invitation only as the capacity at the conference facility is limited, the organizers will broadcast all events via live web stream. Visit www.brownforum.net for more information.

by Krešimir Lipovščak, Partner, TPA Horwath

EACH GOOD MOVIE (even an Oscar winning one) has good, bad and ugly (not only in a physical sense) characters. Each good country can have only one good tax system. Such a tax system can compete with other countries’ tax systems. Can Croatia compete with its tax system and can Croatia make a good movie?

MEASURING COMPETITIVENESS

The competitiveness of a country can be measured by many methods. The World Economic Forum (WEF) uses the “12 pillars” methodology to measure the competitiveness of 142 countries. These 12 pillars (in order of appearance) are: Institutions, Infrastructure, Macroeconomic environment, Health and primary education, Higher education and training, Goods market efficiency, Labor market efficiency, Financial market development, Technological readiness, Market size, Business sophistication and the last one, Innovation. Although taxes are not explicitly mentioned, they are “hidden” under various pillars.

According to the latest WEF competitiveness survey, Croatia was ranked 74th, ahead of Serbia and Bosnia and Herzegovina but well behind Montenegro (which in turn was ranked ahead of Slovakia, Romania and Bulgaria) and Slovenia.

WHAT IS BOTHERING ENTREPRENEURS?

According to the same survey, Croatian entrepreneurs advised that tax rates and tax regulations are among the top ten “most problematic factors for doing business” in Croatia (tax rates were ranked in 4th place and tax regulations in 7th place). After the recent tax reforms, these issues may move higher up the list.

TAX RATES

The ugly aspect of any tax is that it must be paid (unless you have an excellent tax advisor). The bad aspect of any tax (rate) is that no tax rate is too low for businesses and no tax rate is too high for the government. Still, tax rates alone are not the sole measure of the overall tax burden. The only exception is value added tax (VAT) where the tax base is more or less harmonized within the EU.

There are various charges similar to taxes on the local and state levels which in effect represent an increased tax burden (in Croatia e.g. the company title tax, forestry contributions, the chamber of commerce contribution, communal fees, water fees, etc.). Nevertheless, for the sake of simplicity, we have tried to compare corporate profit tax (CPT), VAT and withholding tax (WHT) on dividend rates in selected European counties in Table 1.

CPT

In general, Eastern European (EE) countries have lower CPT rates and less complex CPT systems as a result of the comprehensive reforms undertaken in the 1990s. This reform was led by Western European experts. On the other hand, Western European countries have higher CPT rates and more complex CPT systems. Among the EE countries, Slovenia, Croatia and Russia all have a single CPT rate of 20% (which is less than Ukraine but more than the rest of the EE countries). Although Croatia has a lower CPT rate than Western European countries, the statement on high tax rates is obviously related to hidden taxes, so-called other charges. The Croatian government, in an effort to boost the economy, slightly decreased these charges. A new good feature of the Croatian CPT is that there is no taxation of reinvested profits, starting from profits realized in 2012 (the exception are profits of financial institutions).

VAT

VAT is an “indirect tax” and is easier to collect than CPT and personal income tax. The Croatian state budget relies heavily on collection of VAT, which is not the case in the Western European countries. Accordingly, Croatia has one of the highest standard rates in Europe (25%). As we can observe from Table 1, only Denmark, Norway and Hungary have such a high standard rate, while Switzerland has one of the lowest. The positive feature of Croatian VAT (for the important tourism sector) is that the VAT rate on services in restaurants and cafes will be decreased. Alas! Even the best actor in a supporting role can be lost in a bad movie.

There are several ugly aspects of the high VAT rate. One of them is lower consumption of goods and services resulting in lower income of entrepreneurs.

Other aspect is decreased cash flow. VAT is a neutral tax, meaning that it should not have any financial consequences for business. However, VAT has become the principal cash flow issue in Croatia. VAT is payable irrespective of the invoice being paid (even if the buyer is bankrupt). Businesses requesting VAT refunds may face a long procedure.

Accordingly, the Croatian VAT system requires reform to become cheaper and more efficient for its citizens and businesses.
### TABLE 1: Corporate profit tax (CPT), VAT and withholding tax (WHT) rates in selected European countries

<table>
<thead>
<tr>
<th>Country</th>
<th>CPT rate</th>
<th>VAT rate</th>
<th>WHT rate on dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>25%</td>
<td>20% / 10% / 0%</td>
<td>25%</td>
</tr>
<tr>
<td>Belgium</td>
<td>Basic rate: 33.99% (incl. 3% crisis tax); lower progressive rates available under certain conditions</td>
<td>21% / 12% / 6%</td>
<td>25% / 15% / 0% (for companies resident in Belgium and for some other exemptions)</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>10%</td>
<td>20% / 9% / 0%</td>
<td>5% / 0 % (for companies resident in Bulgaria)</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>19%; Certain investment funds and mutual funds: 5%</td>
<td>20% / 10% / 0%</td>
<td>15%</td>
</tr>
<tr>
<td>Denmark</td>
<td>25%</td>
<td>25% / 0%</td>
<td>28% / 0% (if paid to company owning at least 10%)</td>
</tr>
<tr>
<td>France</td>
<td>Up to EUR 38,120: 15%; Over EUR 38,120: 33.33% (+ 1% for large companies)</td>
<td>19.6% / 5.5% / 2.10</td>
<td>25%</td>
</tr>
<tr>
<td>Germany</td>
<td>22.83%, 29.83%, 32.98% (nominal rate: 15% plus solidarity surcharge: 0.83% plus trade tax: 7%, 14%, 17.15%)</td>
<td>19% / 7% / 0%</td>
<td>26.375% (tax rate: 25% plus solidarity surcharge: 1.375%)</td>
</tr>
<tr>
<td>Hungary</td>
<td>Up to HUF 500 million: 10%; Over HUF 500 million: 19%</td>
<td>25% / 18% / 5% / 0%</td>
<td>Individuals: 16%, Companies: 0%</td>
</tr>
<tr>
<td>Ireland</td>
<td>Trading income: 12.5%; Non trading income: 25%</td>
<td>21% / 13.5% / 0%</td>
<td>20%</td>
</tr>
<tr>
<td>Italy</td>
<td>27.5% plus local tax: 3.9% to 4.82%</td>
<td>20% / 10% / 4% / 0%</td>
<td>Residents of Italy: 0%; EEA residents: 1.38%; Others: 27%</td>
</tr>
<tr>
<td>Latvia</td>
<td>15%</td>
<td>22% / 12%</td>
<td>EEA and Latvian residents: 0%; Others: 10%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>15%</td>
<td>Individuals: 20%; Legal entities: 15%</td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Up to EUR 200 k: 20% over EUR 200 k: 25%</td>
<td>19% / 6% / 0%</td>
<td>15%</td>
</tr>
<tr>
<td>Norway</td>
<td>28% Dividends received from EEA: 3%</td>
<td>25%, reduced rates on certain items</td>
<td>EEA: 0%; Others: 25%</td>
</tr>
<tr>
<td>Poland</td>
<td>19%</td>
<td>23% / 8% / 5% / 0%</td>
<td>19%</td>
</tr>
<tr>
<td>Portugal</td>
<td>Up to EUR 12,500: 12.5%; Over EUR 12,500: 25% plus certain municipal taxes</td>
<td>23% / 13% / 6% / 0%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Romania</td>
<td>16%</td>
<td>24% / 9% / 5% / 0%</td>
<td>EEA: 0%; Others: 16%</td>
</tr>
<tr>
<td>Russia</td>
<td>20%</td>
<td>18% / 10% / 0%</td>
<td>Russian residents: 9%; Russian entities under certain conditions: 0%; Non-residents: 15%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>19%</td>
<td>19% (temporary rate of 20%)/10%</td>
<td>0%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>20%</td>
<td>20% / 8.5% / 0%</td>
<td>15%</td>
</tr>
<tr>
<td>Spain</td>
<td>General rate: 30%; SME rate if: up to EUR 300 k of net profit: 25%, over EUR 300 k of net profit: 30%</td>
<td>18% / 8% / 4% / 0%</td>
<td>19%</td>
</tr>
<tr>
<td>Sweden</td>
<td>26.3%</td>
<td>25% / 12% / 6%</td>
<td>30%, but usually reduced to 0% on dividends from subsidiaries</td>
</tr>
<tr>
<td>Switzerland</td>
<td>9% - 25% depending on location and tax status</td>
<td>8% / 3.8% / 2.5%</td>
<td>35%</td>
</tr>
<tr>
<td>Turkey</td>
<td>20%</td>
<td>18% / 8% / 1%</td>
<td>15%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>23%; certain exemptions exist</td>
<td>20% / 0%</td>
<td>5%</td>
</tr>
<tr>
<td>UK</td>
<td>Up to GBP 300 k: 20%; Over GBP 300 k to GBP 1,500 k: 27.5%; Over GBP 1,500 k: 26%</td>
<td>20% / 5% / 0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Crowe Horwath Europe, Middle East and Africa Tax Facts 2011
WHT ON DIVIDENDS

As we can see from Table 1, WHT on dividends exists in almost all European countries with rates as high as 35% (Switzerland). The main competitive advantage of Croatia was no WHT on dividends. This advantage was lost on 1st March 2012 with the introduction of WHT at the rate of 12%. Residents of countries with whom Croatia has concluded a double tax treaty (DTT) can decrease or eliminate WHT. The competitive advantage of Croatia in this case is the fairly large number of DTTs (around 50 countries). The applicable rates of WHT mostly depend on shareholdings held in Croatian companies, the idea being that lower shareholdings are kept by “speculative” investors. The applicable rate for foreign residents is always lower than the DTT rate and the official Croatian rate.

In Table 2, we present the maximum WHT rates for selected countries per DTT's in force. The selected counties represent the largest foreign direct investors in Croatia (according to the size of their investment as per latest Croatian National Bank data). From a “quick” look at the list, we can see that investments came via countries which have a favorable tax regime with Croatia (e.g. the Netherlands). These countries may not necessarily represent the country of origin associated with a brand or a company. This is legitimate tax planning and it is useful for international business.

>>> TABLE 2: Maximum withholding tax (WHT) rates on dividends according to the double tax treaties (DTT) for selected countries

<table>
<thead>
<tr>
<th>Country</th>
<th>% of shareholding/WHT rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Up to 10% = 15%* 10% and more = 0%</td>
</tr>
<tr>
<td>Netherlands (Dutch) Antilles</td>
<td>No DTT concluded</td>
</tr>
<tr>
<td>Germany</td>
<td>Up to 10% = 15%* 10% and more = 5%</td>
</tr>
<tr>
<td>Hungary</td>
<td>Up to 25% = 10%* 25% and more = 5%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>No DTT concluded</td>
</tr>
<tr>
<td>France</td>
<td>Up to 10% = 15%* 10% and more = 0%</td>
</tr>
<tr>
<td>Italy</td>
<td>15%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>5%</td>
</tr>
<tr>
<td>Sweden</td>
<td>Up to 25% = 15%* 25% and more = 5%</td>
</tr>
<tr>
<td>Belgium</td>
<td>Up to 10% = 15%* 10% and more = 5%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Up to 25% = 15%* 25% and more = 5%</td>
</tr>
<tr>
<td>UK</td>
<td>Up to 25% = 15%* 25% and more = 5%</td>
</tr>
</tbody>
</table>

Source: TPA Horwath Investing in Croatia
*Applicable to individuals regardless of shareholding

Austria and the Netherlands, as the largest investors, can benefit from the zero rate of WHT. The same applies to Belgium. Other countries, which are EU member states, will benefit from the zero rate in line with the “parent-subsidiary” directive once Croatia joins the EU. Switzerland is the only country with significant investments left out, with a WHT rate of 5%. It is likely that some investors will try to re-locate holding companies or postpone payment of dividends until Croatia joins the EU. Croatian investors (physical persons) have to pay WHT. Hence, while foreign investors are looking at good features, Croatian investors are looking nowhere.

WHAT IS TAX FREE?

What can Croatia offer as its competitive advantage? Non taxation of capital gains of individuals and foreign residents as well as no specific property tax.

TAX REGULATIONS

Business requires stability and certainty to pursue its business goals and to be successful.

Stability means that tax regulations should not change frequently and that business is informed of any change well in advance in order to prepare for and minimize the cost of the change. Frequent changes in tax regulations can be God’s blessing for tax advisors, but certainly a curse for businesses. Examples of stability and an approach to changes are Germany and the UK. In Germany, any change in tax regulations is thoroughly discussed and changes are introduced gradually. In the UK, changes, if any, are introduced per fiscal year.

Certainty means that the regulations will always be applied in the same manner in the same situation to everyone. The proper name for this is the rule of law.

In past years Croatia has gone through many changes in tax regulations, some for better and some for worse. The reasons were various: harmonization with the EU regulations, improvement of tax collection, fiscal reasons, “clarification of regulations”, etc. These reasons are very common in Central and Eastern Europe. Most of them are the result of the notion that it is easier to change laws than to change people.

Frequent changes of tax regulations, without adequate and timely education, training and adequate instructions on how to implement the regulations, does not help civil servants and does not help taxpayers. It is easy to prevent the confusion by structured education of civil servants and better internal training. Slovakia was the leader in the process, investing a great deal in training its civil servants and achieved a great deal in the short term. Another method could be the introduction of binding opinions that would bind the tax authorities to act in the manner provided in the opinion. The Netherlands uses this method successfully.

Croatia would be given a strong momentum by investing in training and modernization of processes within the Tax Authority, which would result in better tax collection, which can result in turn in a decrease in the tax burden and the better competitive position of Croatia on the world market.

HAPPY END?

Each good movie has a happy end. The beautiful and talented actress, Croatia, deserves to act in this movie. So, can we make a good movie, can we make the Croatian tax system competitive? Yes, we can! Someone just needs to take the first step.
Croatia is a pivotal point—a new country and soon to join the EU. It is vital to improve competitiveness in product and services for more business with the Balkan States, EU, Asia and large potential markets in North America.

This is the time to correct the export/import imbalance of an estimated -$7.8B. For improved Croatian economic competitiveness, it is imperative that companies of all sizes improve processes, efficiencies and drive increased revenue and utilization of resources. There are specific items that the Croatian government must address in making Croatia an attractive location to do business that will not be addressed in this article.

There are some key focal points to achieve competitiveness: Attract Customers & Suppliers, Extend the Season/Product Mix, Make Visible using Internet & Marketing, Improve Infrastructure - Transportation, Internet, Automation & Productivity; and Train Employees & Entrepreneurs.

Tourism is estimated to be close to 20% of the Croatian GDP. Let’s look at the success in this industry and areas to grow it still further that are applicable to the Manufacturing and Agriculture Industries. Croatia’s tourism is a global business—with people from the EU and Asia. The opportunity is to attract business from expansion markets where Croatia is relatively undiscovered.

Parts of Croatia are very successful during the summer season. Winter sports have improved winter tourism, but it needs to extend to a year-round destination-weekend breaks, expansion markets and Croatia-centric multi-centered holidays. The selling of more ‘products’ is also critical in extending and expanding revenues-bundled services (accommodations, transportation, food, activities) or true physical products. High-end Croatian export products such as beautifully crafted leather and crystal need to be visible to visitors.

Tourism drives revenue in accommodation, transportation, attractions, restaurants and retail. More visible businesses on the internet will gain a much larger market share. Social Media tools such as TripAdvisor have driven visibility in all aspects of Tourism. If we exist and people can’t find us—we don’t exist! Within the next 5 years, over 50% of transactions are expected to take place over mobile phones.

Leverage technology to improve company visibility, communicate (email, social media, location-based services), provide catalog of services/products, transact and track feedback.

According to CNTB, 90% of tourists currently arrive by car. Air Transportation infrastructure will need to reflect a growing North American demand. The Open Skies agreement signed on 3 February 2012 between Croatia and the US will facilitate this.

Many of the improvements in Tourism can be applied to Manufacturing and Agriculture. As an example, efficiency including reuse can drive competitiveness in the wine industry and the export of product. There are efficiencies around harvesting, processing, bottling and distribution that do not negate the wine value or commoditize it. We should be able to manufacture, market and export national product more efficiently. Croatians have been successful in building the wine industry in California and New Zealand. There is no reason why Croatian entrepreneurs shouldn’t be successful in developing the export market.

These are the steps to improve economic competitiveness using the focal points outlined above:

**Analyze and Plan**

1. **Understand what we have:** products, services, markets and competitive differentiators.
2. **Define what we need to enable this business (infrastructure, investment, new staff, market accessibility)?**
3. **What skills do we need?** Develop, retain ‘stars’ or attract from the EU?

**Perform**

4. **Train:** Training to hit customer expectations, employee incentives, attract investors, training entrepreneurs, train in the use of technology.
5. **Extend infrastructure.** Address items outlined in Step 2 above.
6. **Leverage technology to create visibility and enable transactions and communication.**
7. **Market Croatia aggressively, execute the plan, measure progress and publicize success.**

These actions will enable even the smallest business to positively impact Croatia’s economy. All activities should be focused on developing a more competitive Croatia while not forgetting what makes Croatia special!
ACCESSION TREATY: DOING BUSINESS IN CROATIA POST-EU

By Wolf Theiss Rechtsanwaelte GmbH-Podružnica Zagreb

FOLLOWING A FAVORABLE OUTCOME of the referendum and completion of the ratification process, the Accession Treaty between Croatia and the European Union should become effective on 1 July 2013. The Accession Treaty provides numerous exemptions from European law provisions and can serve as a practical guide for doing business in Croatia post-EU:

NEW LIMIT FOR THE VAT SYSTEM EXEMPTION

Upon accession, entities whose annual turnover is EUR 35,000 or less may be exempted from the VAT system. The current limit is set at approximately EUR 11,000. This change is beneficial for small businesses with low input expenses and a large labor proportion in overall costs, since very little of their VAT disbursements can be returned through tax prepayment.

ENVIRONMENT AND SHIPOYARDS: INVESTMENT AND PPP OPPORTUNITIES

Croatia is obliged to gradually decrease by 2020 the amount of biodegradable municipal waste going to landfills to 35% of the amount produced in 1997, and to ensure significant reduction of waste landfilled in existing landfills which are non-compliant to EU regulations. The EU requirements will cause the need for new or rebuilding of existing water supply systems, collecting systems for treatment of urban waste water, waste management systems and industrial pollution prevention systems, triggering interesting investment and public private partnership opportunities.

Prior to accession Croatia needs to restructure and privatize its shipyards - 3. Maj, Brodotrogir, Brodosplit, BSO and Kraljevica. Their overall production capacity must be reduced by 21% as compared to 1 June 2011, no later than 12 months after the signing of the individual privatization contracts. Total annual production will be limited to 323,600 CGT annually for a 10-year period, starting from 1 January 2011. Shipyards will not be allowed to receive any state aid for 10 years following signing of the privatization contracts. The Commission will closely moni-

for the implementation of the restructuring plans and compliance with the state aid conditions, capacity reductions, production limitations and the measures taken to ensure a return to long term viability.

AGRICULTURAL LAND STILL BANNED FROM SALE TO NON-CROATIANS

Croatia may, for 7 years following the date of accession, maintain restrictions on the acquisition of agricultural land by nationals and companies of another Member State or EEA state. If there is sufficient evidence that there would be serious disturbances to Croatia’s agricultural land market upon expiry of the transitional period, the Commission may extend it for an additional 3 years, limited to particular geographical areas. Self-employed farmers who are EU nationals and who wish to establish themselves and reside in Croatia will not be subject to these restrictions.

PREFERENCE FOR CROATIAN SHIPS AND EXCLUSION FROM CABOTAGE

Until the end of 2014 cruise services carried out between Croatian ports by ships smaller than 650 tons will be reserved for Croatian ships. Croatia may also provide that only Croatian companies perform public maritime transportation until the end of 2016. For a period of 2 years following the date of accession, Croatian businesses performing road haulage will be excluded from cabotage in other Member States. Such exclusion may be extended for up to 2 years. Only carriers established in Member States which ceased to apply the exclusion of Croatian carriers may perform cabotage in Croatia.

IP PROTECTION

As of the day of accession, a Community trademark registered or applied for before the date of accession will be extended to the territory of Croatia. Holders of national trademarks in Croatia will be entitled to apply for recognition of seniority of their national trademarks over possibly infringing European trademarks. The EU regime regarding unregistered Community design will become applicable in Croatia and will provide for 3-year protection against copying without registration by simply making the design publicly available. Any medical and plant protection product protected by a basic patent and for which the first authorization for market placement has been obtained after 1 January 2003 may apply for a Supplementary Protection Certificate in Croatia. Medical products registered in Croatia prior to accession whose documentation is non-compliant to EU regulations may be produced and marketed in Croatia until mid-2017.
Nova ZAFIRA TOURER

ŽIVITE PROSTRANJE.

Ljepša strana vožnje.

www.opel.hr  www.facebook.com/OpelHR

Prosečna potrošnja goriva: od 4,5 do 7,2 l/100 km. Emisija CO₂: od 119 do 169 g/km. Podaci se ne odnose na konkretna vozila te nisu dio ponude i isključivo služe u svrhu usporedbe različitih varijanti vozila. Potrošnja goriva i emisija CO₂ ne ovise samo o učinkovitom korištenju motornog vozila, već i o načinu vožnje i drugim faktorima koji nisu tehničke naravi.

Wir leben Autos.
In only a few months, immediately before and after the new Government setup, palpably more activities can be observed in the offices of foreign chambers of commerce, which could be interpreted as interest in making the best possible contacts with the new government, but also the intention to warn of long-lasting and burning issues for foreign investors in Croatia. Among noted public appearances, the U.S. Ambassador H.E. James Foley stated that the investment climate in Croatia is at times even hostile, which came as an unpleasant surprise for some in the Government. Ivan Vidaković, the Director of Microsoft Croatia, was elected President of the Board of Governors of the American Chamber of Commerce in Croatia – or AmCham – at the end of last year, succeeding Don Markušić to the position. In his interview for Lider, he explained the expectations and desires of the American business community in Croatia.

How do you evaluate the new Government? Are you satisfied with what has been seen so far?

The announcements are positive, reactions are also good, we will see the results. Initially, what is visible is openness, rapprochement, a desire for change, particularly in the areas that I think are important for Croatia: education, the creation of a labor force for future jobs, making new jobs through start-ups, and similar. There is plenty of good announcements, and success will also depend on the speed of decision-making. Short-term measures must be separated from the long-term measures of individual systems. The success of long-term measures requires a national development strategy. Or otherwise: any direction would be ‘good’.

What is most urgent, and what are the deadlines?

A few things stand out, but the zero priority was well stated – defending the country’s credit rating. The first priority should be halting the growth of unemployment and the creation of new jobs. Of course, it is understood that the budget will be filled as planned, whereafter the time comes for more complex challenges. It is necessary to attract investors, which means a more efficient public administration, reduction of cost burdens, a predictable tax system; I believe that an amended Labor Act could also instigate more employment. We often hear of examples from other countries which have introduced some changes. I believe that we could study the Danish example of a flexible workforce or the Finnish one for education, that is, the example of two small countries which are among the most competitive ones in the world. According to the World Economic Forum, among the top ten competitive countries globally there are five small countries with up to ten million inhabitants. Therefore, we do have a chance, but we cannot compete globally in the same way as big ones; we need to find niches. In addition, this is a century of technology, and we fail because we have too few mathematicians, physicians, electro-technicians, mechanical engineers, etc...

Deadlines?

For education, let’s say, in September 2012, a continuous increase should begin in the number of students enrolled in natural science schools, technical faculties, medical faculties, and lower quota of faculties that educate for the unemployment market. Also, it is already possible this year to introduce a mandatory time limit for answers to queries and requests, and the issue of mandatory opinions of expert public departments and similar. Certainly, a drastic reduction in the number of administrative units, the number and amount of parafiscal burdens, shortened periods for court cases, a change in subsidy policies, all this needs more time, but I hope they will not require the entire term.
Have you already made contact with the Government?

What is the cooperation like?

There are existing contacts with several Government members, we spoke about the key steps required for opening new jobs and increasing competitiveness, but also about, for example, fees for environmental protection. The dynamic of contacts shows the Government’s interest in the opinion of members of international chambers, such as AmCham; there is an interest in receiving new ideas. The business community is extremely interested in dialogue, which is why we, in the AmCham, believe that there are reasons for optimism.

Do you believe that things will improve with the new Government?

I believe that we have no choice, and it is better not to think about what a failure would mean for Croatian citizens. I believe that the goal of all of us is to ensure competitiveness and the success of the local economy in regional, but also in global terms. In the last annual report by the World Economic Forum, Croatia was ranked 76th of 142 ranked countries. Let’s look into the areas where we do worst and start introducing measures that are going to directly provide increased competitiveness.

What are the main complaints, the investors’ hot issues?

Croatia has excellent geographic location, an innovative workforce, good technological equipment and infrastructure, as well as healthcare and basic education. However, the key issues for the investors are the inefficient public administration and problems with obtaining permits, particularly on local and county levels, as well as a lack of mandatory opinions (taxes and customs), unpredictable tax burdens, corruption, rigid labor laws, large expenses for salaries, etc.

What is the value of American investments in Croatia; where does the interest lie for expanding cooperation?

According to the latest data published by the Croatian Chamber of Commerce, during the first three quarters of 2011, a total of one billion euros was invested, which was 5.5 percent more than in 2010, but still 55.9 less than in 2008. As for foreign direct investments, according to the data published by the Croatian National Bank, the U.S. has invested 146.1 million euro in Croatia from 1993 until today, of which 40.9 million euro was during the first three quarters of 2011. These amounts do not include investments through daughter companies. I see opportunities to develop the Croatian investment climate in absolutely every area of business, but Croatia, on the basis of future strategy, should prioritize new high-tech jobs and services with high added value.

Are you satisfied with the current structure and work of AmCham?

The Croatian AmCham was awarded by the ‘AmChams in Europe’ network and became the host of this year’s regular meeting of directors of national organizations, where the best practices are exchanged. As all other AmCham organizations in the world, the Croatian AmCham is also small and efficient, with only four employees and financed only through membership fees. We depend exclusively on member satisfaction, and member satisfaction was confirmed in the last year’s regular research, but also by the growth of membership, despite the challenging business years. We are one of the most attractive chambers in Croatia, with more than 30 different events annually, which we organize both for our members and the wider Croatian business community, including numerous initiatives for improvement of the business environment.

What is your opinion of ACTA and other alleged attempts to suppress piracy, which have caused an overwhelming public reaction? I believe that the issue of intellectual property is in AmCham’s interest?

Software piracy as well as other forms of intellectual property infringement are a serious problem which endanger jobs and have a negative impact on every economy, including Croatia’s. Evidence of this is the Economist Intelligence Unit study on competitiveness of technology sectors from last September, which compared the competitiveness of 66 members covered by the research. Croatia was in 40th place, which is a fall by three places compared to 2009. Proposals such as ACTA should be discussed in order to find an optimal solution.

How satisfied are you with the combat against piracy in Croatia? Microsoft is one of the most affected companies. The situation was rather grim, has anything improved in the past years?

The software piracy rate in Croatia has been hovering for four years around 54 percent, with the commercial value of non-licensed software amounting to about 389 million HRK, which ranks Croatia 6th among 24 countries in the wider region. The software piracy issue does not affect only Microsoft, but also individuals and the economy as a whole. By reducing piracy, new tax income would be generated and new jobs created. We must not leave out the financial impact of software crime such as reduced productivity and loss of data, but also the threats to private users, such as exposure to malicious codes, or various forms of online crime, such as fraud, phishing, hacking profiles in social networks, credit card frauds and theft of other data.
When we ask managers what their greatest asset in the company is, most of them say, the people. A great many of them know this intuitively, but when it comes to defining the mechanism through which employees bring competitive advantage, we get different answers. Some of them say it is about selecting the right people, others that it is about a good compensation plan, some it is about the ability to motivate employees. All of them are right in a way, but it goes even further than that.

Financial reports treat human capital as an expense – the cost of their salaries, taxes, benefits, recruitment etc. And if people are not managed well, this may be so. But people are the ones who produce products and services, the ones who bring ideas, who sell, who analyze, plan and develop, who support the company processes, and as such should be considered a valuable asset and an investment.

Management of human resources, lately referred to as human potential, is complex and requires a strategic approach and the commitment of all levels of management. It all starts with the company vision, mission, values and strategy. The company first has to know what it wants and how it means to accomplish it. It is like deciding where to go on a holiday - it is not the same going to France or China, going by train or airplane, taking your time during the trip or trying to get there as soon as possible. The decision will determine your experience, the cost, time spent and overall satisfaction.

After you have decided on the direction of your company, the strategic management of human capital can begin. This decision will determine your recruitment policies, performance management, salaries and benefits, development plan and organizational culture. For example, if you are a retailer who wants to focus on creating a network of local stores, you might consider hiring locals, who are eager to get to know their customers so they can feel at home, base your performance management on the store staff’s ability to work as a team and adapt to the local market, educate employees in communication skills and local customs, engage in local events and support each employee’s individuality and creativity. With that in mind, it is your responsibility to provide support, services and policies that reflect your strategy so that all employees can go in same direction and create that added value.

The crucial link between your strategy, the policies you have created and your employees is the management. They are the ones who transfer your strategy into action and pass on down your decisions to the experts. And here is where the challenge starts. Even though you, or your board or top management, have decided to go to France by train and take your time, there will be those who would think the plane or China or getting there fast are better options. The best way to get managers on board is to include them in the decision-making process if possible and spend time with them discussing how the decision to go to France slowly by train is relevant to your business and what repercussions it has for their line of work. Another important thing is teaching them how to use your policies and give them enough time and resources, and develop their competencies to manage people. The most common mistake is to have managers that act like experts and deliver the results. The managers’ role is to enable their teams to deliver the results and in order to do that, they need whole new set of competencies, such as delegating, motivating and developing people, performance management, conflict management etc. Good selection of who will become a manager and empowering them to truly manage their team are the best investments your company can make.

Good policies aligned with the strategy, and management that is well-educated and well supported to pass the strategy down and manage employees, are the basis for employee satisfaction, producti-

**HOW DO PEOPLE MAKE A DIFFERENCE?**

By Ana Vojnić Tunic, Employer Partner Certificate Project Coordinator, SELECTIO Ltd.

Employee satisfaction and engagement is what creates added value. Engaged employees provide a greater quality service to their internal and external clients and hence increase customer satisfaction, which leads to customer loyalty and in the end brings profit and growth. It seems simple enough, but it requires a great deal of hard work to create the support needed to have engaged employees who will bring you profit. So start today.
ON 17 AND 18 APRIL, the traditional Eighth Annual International Conference on the Real Estate Market in Croatia will be held in our most prestigious hotel – The Regent Esplanade Zagreb, the winner of Best City Hotel in the World Luxury Hotel Awards for 2010 and 2011.

At the past seven conferences altogether 550 speakers participated in more than 140 panels and there were more than 3,500 participants from more than 30 countries.

The program of The Eighth Conference is the best program so far. It includes the most renowned speakers and institutions that are supporting The Eighth Conference. It is the most systematic because it includes over 20 specific, well-known and valuable projects that are being developed exclusively in Croatia with a total value of more than 10 billion HRK. It is the most professional because some of the top themes to be discussed are: Croatia Entering the EU, the Olympic Games in London, Urban Regeneration, and Green Building.

At The Eighth Conference there will be more than 15 panels with more than 80 speakers, and high-ranking representatives of the Croatian Government will also participate.

The largest and most influential financial institution in the countries of Central and East Europe by far is the European Bank for Reconstruction and Development (EBRD), the institutional partner of The Eighth Conference.

The Partner Country of the Eighth Conference is the United Kingdom of Great Britain and Northern Ireland, and their Ambassador to the Republic of Croatia will open the Conference.

As in previous years, the patrons of The Eighth Conference are the American Chamber of Commerce in Croatia and Advantage Austria, the Austrian Foreign Trade Office. Traditionally Jutarnji list, the media partner for previous conferences, will also be the exclusive media partner for The Eighth Conference.

IKEA, the best known world shopping center brand, is, for the fourth time in a row, a Golden sponsor of The Eighth Conference.

Bluehouse and Sonae Sierra have also joined the Conference as Golden Sponsors.

This year is the year of the Olympic Games in London. From finding the site for the construction of the Olympic Park in 2005 until the completion of the Big Build in 2011, London has undergone an extraordinary transformation. We would like to highlight the important projects that will be discussed at the Conference, which are a Presentation of the planning and construction of the London Olympic Games 2012 Project and the Regeneration of Urban Centres – London and Liverpool.

Two renowned architects, Jim Heverin from Zaha Hadid office and Damon Lavelle from Populous will be speaking about the projects they have worked on for the Olympic Games Project. A model of the Project will be exhibited in the lobby of the Esplanade Hotel, and a certified expert from London will present the details of the Project to conference participants.

Next year Croatia will join the EU. This is a step that will have a major impact on property market development in Croatia. That is why this topic will be the focus of the Conference. The Conference will discuss development plans for Croatia within the European Union and a series of concrete measures and procedures related to this issue.

This year in particular, we will be presenting more projects than ever. This is indicative of the development of the Croatian market into a mature market. The presentations will include projects in their initial stages, in the building stage and finalized projects. All five of the commercial real estate sectors – housing, office space, retail, tourism and industry and logistic, will be represented by a number of projects.

Some of the projects that will be presented at The Eighth Conference are the new and long-awaited IKEA Shopping Centre in Rugvica, the hotels Lone in Rovinj, Falkensteiner in Punta Skala and Kempinski in Istra, then Immopark Zagreb, the Ban Center and Bundek Center in Zagreb, Sky Office in Zagreb, and many others, as may be seen in the Conference program.

We would like You to be part of our Conference. We should all remind ourselves what is the meaning of the words: work, persistence, credibility and faith in a better tomorrow, support and respect. These are the things that we all need and should give to each other. This Conference is an opportunity to do just that, to listen, to talk, and advise each other, exchange opinions and new ideas. We will find strength, support, understanding and respect for each other in the same spirit. Those are the basis for our next step in life and business.

Detailed information about the Conference, the Conference program and registration is available at www.filipovic-advisory.com.
A EUROPEAN ENTREPRENEURSHIP STUDY conducted in Europe both in 2010 and 2011 is showing us that self-employment is enjoying a positive reputation throughout Europe: on average more than two thirds (72 percent) of people questioned in twelve European countries show a positive attitude towards self-employment. Attitude towards entrepreneurship is most positive in Denmark (88 percent), Great Britain (82 percent) and France (76 percent). Turkey (65 percent) and Germany (61 percent) show the lowest approval. These are the results of a representative survey conducted by Amway Europe.

The international direct selling company Amway polled attitudes towards entrepreneurship as well as pros and cons of self-employment. It is observed that there is a high potential of self-employment across Europe, on average more than one third of the respondents can imagine starting up their own business. Compared to the results of the first European Entrepreneurship Report in 2010, self-employment potential throughout Europe remains on a constant level – regardless the current economic problems of many European countries and the financial crisis. Entrepreneurial spirit is especially widespread among the 14-29 year-old respondents: 80 percent of the European teens say their general attitude towards self-employment is positive. And every second respondent in this age group can imagine starting up his or her own business. Independence and self-fulfillment are the most appealing aspects of self-employment.

The most appealing reasons for Europeans to set up their own business are “independence from an employer” (46 percent) and “self-fulfillment, possibility to realize own ideas” (38 percent). “Second income prospects” (28 percent) only ranks on third position. The Amway European Entrepreneurship Report 2011 also shows that nearly every fourth European (24 percent) thinks that “a better compatibility of family, leisure time and career” is a reason to start up an own business. Thus, self-employment and family do not have to be mutually exclusive. There are several flexible ways of working on your own, so that one can combine a successful career and family. Throughout Europe self-employment is perceived as a family-friendly working model: to 42 percent of respondents with children self-employment is a possible job alternative.

On average, 69 percent of the polled individuals agree that education is important for entrepreneurial activities. There is no nation that rates its education and training for self-employed as good as Austria (56 percent) and Switzerland (52 percent). Regardless of existing offers, 47 percent of the European respondents think that they are not well-informed about education opportunities for self-employment. This is particularly true for Germany (58 percent), Spain (55 percent) and France (53 percent).

42 percent of Europeans would not risk starting their own business because they believe in lacking economic knowledge. In addition to that, more than every third person (35 percent) has doubts about his or her personal skills and knowledge and does not feel well prepared for self-employment. For these reasons more than half of the questioned Europeans (59 percent) reply that there should be more public entrepreneurial education programs for business starters.

Direct Selling is an industry that supports entrepreneurship by offering an equal business opportunity with a minimal investment and very low cost. The great attraction of direct selling is that it offers a flexible earnings opportunity where the person is in control of the income they generate.

Over the past decade, a steadily growing number of people in Europe have become attracted to the idea of having their own small business as an alternative to conventional employment as seen in the results of the conducted European Entrepreneurship Study. A diverse cross section of society has opted to experience the sheer satisfaction of being an entrepreneur and being rewarded solely on the basis of achievement. Direct selling owes its continuing success to the thousands of people of all ages and all walks of life who want to be independent or to have a business of their own.

In Croatia, Croatian Direct Selling Association is proud that it provides, through its member companies, genuinely equal business opportunities for men and women from all backgrounds in Croatia. As everywhere around the world, this business opportunity in Croatia is totally flexible in terms of time, commitment and geographic location.

SURVEY DESIGN

From August until September 2011 the survey polled 13,606 women and men aged 14 and over in twelve European countries (Austria, Denmark, France, Germany, Great Britain, Italy, Poland, Russia, Spain, Switzerland, Turkey, Ukraine) on the topic of self-employment. The European poll which Amway initiated for the second year in a row was carried out by GfK Research Nuremberg upon the request of Amway Europe. The survey’s results are representative of the selected countries’ populations.
Biggest Convention Center in Zagreb

- free WiFi
- AMX Control System
- Digital Signage System
- Built-in Screens and Projectors
- Light Effects
- Adjustable Room Size (max. 1000 persons)
- Parking

AmCham Member Discounts Apply

Hotel Antunović
Zagrebačka avenija 100A, 10 090 Zagreb, Croatia
phone: +385(1)2041 116, 2041
fax: +385(1)2041 260
info@antunovic.hr || www.antunovic.hr

Gas Station (with car wash) Zagreb
Zagrebačka avenija 100A, Zagreb
Gas Station (with car wash) Sesvete
Kobiljačka 102, Sesvetski Kraljevec
Petrol wholesale available
WHY TO VISIT DALMATIA?
The sun, warm sea, olives, wine, fish, songs, picturesque towns with stone houses… If you want to meet the true Mediterranean, come to Dalmatia and enjoy the most indented coastline in Europe, with numerous beautiful islands, cliffs and rocks, pleasant Mediterranean climate with warm and dry summers and short and mild winters as well as the beautiful blue sea that spreads along the Dalmatian mountains. The fact is that it is Dalmatia that is the largest and the best known in the world Croatian historical region, which hides numerous attractions that you can discover in the most interesting way. Do not forget that it’s the richness of the diversity of Dalmatia’s parts that makes Croatia’s cultural treasury today.

UNESCO WORLD HERITAGE CROATIA

Places that have deserved inclusion in the UNESCO list

STARI GRAD PLAIN
Would you like to walk through the best preserved ancient Greek landscape in the Mediterranean? They you should visit the Stari Grad Plain (with its length of around six kilometers from Vrboska to Stari Grad it is the largest plain on all Adriatic islands). The earliest record about the Stari Grad Plain is found in the Hvar Statutes from 1331. During the Middle Ages the plain was called the Plain of St. Stephen (Campus Sancti Stefani), named after the patron of the Hvar island and diocese, the Hvar commune.

UNESCO included the Stari Grad Plain on the list of World Heritage sites in July 2008, but the importance of the plain was recognized as early as in 1993 when it was protected as an archaeological zone. Great efforts are invested in preserving the Stari Grad Plain for future generations. A public institution for the management of the Stari Grad plain has been established to reconcile the different interests (that of farmers, land owners, entrepreneurs, archaeologists, conservators, zone planers and local communities) and direct them towards the common goal – the revitalization and sustainable development of that precious locality.

In 384-385 BCE the Greek colonists from the Aegean island of Paros took the plain from the local population and founded the colony of Pharos on the site of today’s Stari Grad. After taking over the plain the Greeks divided it into rectangular parcels and distributed them. Of course, in time all the fertile land came to belong to the colonists, which carried out their own, different land division policies. However, what is left from that time is the best preserved Greek cadaster. The Stari Grad Plain is hiding over a hundred archaeological localities – from smaller farm buildings to Roman villas, the best known among which are a villa rustica, Kupinovik, and a Greek tower, Maslinovik.
Despite the tumultuous historical events throughout the century and later multiple divisions of plain’s land, its basic structure defined by the Greek geometrical system of land division 2400 years ago remained virtually intact. Throughout its history the Stari Grad Plain has retained its agricultural character. It is the largest and the most fertile plain on the Adriatic islands – its agricultural purpose retained to these days is not hindered by larger modern buildings that would jeopardize the original picture. The age of the archaeological localities seizes into the time of prehistory to the Middle Ages providing an unfailing source of new discoveries for history lovers.

**THE ŠIBENIK CATHEDRAL**

The Cathedral of St. James in Šibenik, known as the Šibenik Cathedral, is the most significant construction achievement on the territory of Croatia in the 15th and 16th centuries. Because of its exceptional value this Gothic and Renaissance monument was included on UNESCO’s list of World Heritage sites in 2000.

The story about the Šibenik Cathedral started in 1298, when Šibenik was granted the status of a town and its own diocese. It was at that time that the idea of building a large cathedral was first considered, but the construction did not start until 1431. Thirteen years passed from the idea to the actual start of the construction as the initial plan was thwarted by the conflict with Venetians.

The four stages of the construction resulted in a unique project. The Šibenik Cathedral is a three-naved basilica 38 meters long and 14 meters wide, and its highest point is on the top of the cupola (38 meters). It is built entirely from stone, while all other stone churches were usually built with mortar. Their roof structure would usually be wooden with their roofs covered with tiles and sometimes lead panels.

During the first stage the construction was done by Venetian workers led by Francesco di Giacomo. That period is characterized by the Gothic style and in ten years the builders completed the northern and southern walls, the lower part of the facade and both portals. In 1441 the construction was taken over by famous architect Juraj Dalmatinac, whose name is inevitably associated with the Šibenik Cathedral. He expanded the project and continued building in Renaissance style but with visible Gothic features. What Juraj Dalmatinac did to make the cathedral unique was to use a special system of stone block montage. The Cathedral of St. James is unique by yet another work of Juraj Dalmatinac – the external frieze with 71 sculptured faces, a unique example of Renaissance realism in the world architecture. After the death of Juraj Dalmatinac the construction was led by Nikola Ferentinac, which erected the cupola according to Juraj Dalmatinac’s plan. He remained known by building the roof complex and the upper part of the facade. Today the cupola dominates the historical part of Šibenik, so you will see it from every lookout providing a view of the Old City.

The last stage of the construction was led by Venetians and artisan Mestičević from Zadar. The Šibenik Cathedral was completed in 1535 and consecrated 20 years later.

Despite the fact that many artisans took turns during its construction, the Šibenik Cathedral is a very harmonious building, which can partially be attributed to the fact that it is made entirely from stone. Apart from that, it fits perfectly into the environment and the small square in front of it is one of the most beautiful Croatian squares, which also accommodates a Renaissance City Hall, Duke’s Palace, numerous palaces and churches.

[www.adriatica.net](http://www.adriatica.net)
WITH HBOR’S SUPPORT, ALTPRO OPENED THE FIRST DEVELOPMENT INNOVATION CENTRE IN SOUTH-EAST EUROPE

The company ALTPRO opened the first development and innovation centre in South-East Europe in Odra on 21 February 2012, financed by a loan through the “Innovations” loan program approved by Hrvatska banka za obnovu i razvitak (the Croatian Bank for Reconstruction and Development) at the annual interest rate of 4 per cent, with a repayment period of 12 years, and a 3-year grace period included.

ALTPRO is specialized in the manufacturing and development of state-of-the-art products for the railway industry on the basis of the company’s internal research and innovation activities. The products of the company have been developed completely in Croatia based on their own know-how, and the competitiveness of the company has been proven in the global market.

Due to HBOR’s comprehensive support through the loan program “Innovations” and “Pre-Export Finance”, the company ALTPRO managed to triple its export volume compared with 2010. The number of employees rose by 32% and the turnover increased by 28%. The new manufacturing plant made it possible for them to successfully complete the Factory Acceptance Test for the Indonesian Railways, to prepare the new transfer of technology for security devices in railway vehicles and to implement the first pilot project relating to security devices in railway vehicles.

When opening the new plant, Mr. Zvonimir Viduka, Managing Director of ALTPRO presented a plaque of thanks to Mr. Anton Kovačev, President of HBOR’s Managing Board, for their contribution to the development of the company ALTPRO.

On this occasion, Mr. Anton Kovačev said: “We are extremely proud of our long-standing successful cooperation with the company ALTPRO. Projects like this one are evidence that Croatian businessmen have all the knowledge and skills needed for the implementation of the most complex projects, both on domestic and in international markets. This is also confirmation of the correctness of HBOR’s decision to support Croatian innovators in the development of new technologies and products as the best way to start an economic cycle and create new jobs.”

EIB CONTINUES TO SUPPORT SMALLER PROJECTS IN CROATIA

The European Investment Bank (EIB) is providing a loan of EUR 150 million to the Croatian Bank for Reconstruction and Development (HBOR - Hrvatska banka za obnovu i razvitak) to finance projects of small and medium-sized companies (SMEs), mid-cap companies and municipalities in Croatia.

EIB Vice-President Anton Rop, responsible for EIB operations in Croatia, commented on the occasion of signing the Contract: “It is one of the EIB’s priorities to improve the access to long-term financing by SMEs and mid-cap companies. They represent an important part of the Croatian economy in terms of employment, the GDP and the introduction of modern production technologies, and they frequently suffer from a shortage of funding opportunities, particularly during a period of crisis.”

Anton Kovačev, President of HBOR’s Managing Board, added: “The Contract we signed today is an additional confirmation of HBOR’s outstanding reputation among international financial institutions and a continuation of excellent long-term co-operation with EIB. This loan is of great significance for the development of the Croatian economy overall, for which HBOR will, as it always has, endeavor to ensure the best terms and conditions of finance in order to contribute to the strengthening of its competitiveness on the world market.”

Through this project, the EIB loan will co-finance projects implemented by SMEs and medium-sized companies in the areas of industry and services, including tourism, and also support small and medium-scale infrastructure schemes promoted by local authorities, projects in knowledge- and technology-intensive sectors as well as additional priorities, such as energy, environmental protection, health and education. A minimum of 70% of the loan amount will be allocated to SME and mid-cap projects.

This loan represents a continuation of the very successful cooperation between EIB and HBOR. EIB has previously provided six credit lines to HBOR, totaling EUR 644 million. The previous loan for SMEs and mid-caps of April 2010 for the sum of EUR 250 million is being implemented successfully.

DELOITTE’S CFO SURVEY

In the light of economic and financial developments, Deloitte’s new CFO Survey shows a reduced level of optimism among CFOs in Croatia compared to June 2011. Chief financial officers in Croatia consider financial uncertainty as their major concern. Improving liquidity is one of the CFO’s key tasks, although 12 percent of the respondents do not regard it as a priority.

CFOs in Croatia expect the Government to take decisive steps in several areas, mostly in terms of preserving the country’s credit rating, the stability of the national currency, controlling inflation and ensuring fiscal security. In addition, the CFOs focus on export support, as well as the need to implement EU regulations before joining the Union in 2013.

“As estimated by the majority of independent analysts, Croatia will see further GDP decline in 2012, which will be the fourth consecutive year of no significant economic recovery. Almost 70 percent of CFOs in Croatia do not expect the GDP to grow during 2012, whereas only 9 percent anticipate a moderate growth,” emphasizes Juraj Moravek, Partner at Deloitte Croatia.

For more information please download the full report at: www.deloitte.com/hr/cecfo.en

SCHOLARSHIPS FOR THE M.B.A. PROGRAM AT IGBS ZAGREB

International Graduate Business School Zagreb (IGBS Zagreb) has opened the applications for the next, seventh, generation of students on its M.B.A. Program 2012-2013, scheduled to begin classes in October 2012. The program is delivered in partnership with the Kelley School of Business, Indiana University, a fully accredited member of...
AACSB International. Top-rate Kelley School of Business Professors comprise the majority of the teaching faculty at IGBS Zagreb. Candidates interested in competing for partial scholarships (covering tuition for one semester) are invited to submit their application by:

Early application deadline - April 30, 2012 or
Priority application deadline - June 1, 2012

The application brochure can be downloaded from the web site: [www.igbs.hr/en/admissions](http://www.igbs.hr/en/admissions)

Applicants will be invited to write an essay and participate in an interview. Among the scholarship winners in 2009 was Mr. Anthony Hudgins who has returned to the U.S. after completion of classes in the M.B.A. Program. Anthony has a background in the banking sector (JP Morgan Chase, Key Bank), and has recently started to work in a position of sales manager in Sprint Nextel Corporation based in Overland Park, Kansas.

"Studying at IGBS has not only given me the opportunity to increase my perspective but offered me the chance to improve my skills through a challenging and diverse learning environment. While the support of both the staff from Kelley School of Business and the Economic Institute of Zagreb was crucial to this, the knowledge, experience, and collaborative support from the students are all experiences that will contribute to my future career success in a global economy", said Anthony after leaving Zagreb.

At the same time, together with a few classmates from the M.B.A. Program, he has continued his education in the on-line Kelley Direct M.Sc. Program in Finance, tailor-made for IGBS MBA graduates. After graduation from this program he will receive a M.Sc. degree from the Kelley School of Business, in addition to the Bologna compliant M.B.A. degree from IGBS Zagreb.

Students applying for the next, seventh, generation of M.B.A. Program at IGBS Zagreb will also have the option to enroll simultaneously in a dual degree M.B.A./M.Sc. Program in Strategic Management in partnership with Kelley School of Business, but with evening classes delivered in Zagreb.
Members News —

HSM INFORMATIKA HAS OPENED AN HSM STORE – THE MOST INFORMATIVE IT WEBSHOP

HSM informatika has opened a new IT webshop offering a wide range of hardware and software. HSM Store offers a variety of the most popular software tools for creative and business users, as well as projection and multimedia hardware equipment. Continuously supplemented with new brands and special offers, the HSM Store is becoming the shop where customers can find a wide range of software and hardware in one place. Currently it offers most popular software brands for graphic and web design, print and prepress, as well as tools for photo and video editing, such as Adobe, Corel, Enfocus, Quark and Serif. Google Apps for Business stands out as the most popular software in the webshop. Smart, interactive solutions for business and web design, such as projection and multimedia hardware equipment.

AVON CROATIA AT THE 2ND WORLD CONFERENCE OF WOMEN’S SHELTERS IN WASHINGTON D.C.

Avon, as a leading supporter of the 2nd World Conference of Women’s Shelters (WCWS), which has been organized late February by the National Network to End Domestic Violence (NNEDV) in Washington D.C., was presented at the Conference by Global Ambassador and Honorary Chairman of the Avon Foundation for Women Reese Witherspoon and Avon Chairman and CEO Andrea Jung. Witherspoon and Jung presented ten global women domestic violence shelters and agencies with Avon Global Believe Fund Grants to help them provide critical life-saving services for victims of domestic violence and their families. The Avon Foundation for Women also awarded four global non-governmental organizations with the inaugural Avon Communications Awards: Speaking out about Violence against Women for their campaigns that bring attention to the need of ending violence against women. These awards are part of the Avon Speaking out against Domestic Violence program, through which it has been donated nearly $40 million globally to end violence against women. At the WCWS more than 1,500 advocates, activists and leaders from 90 countries who work with domestic and sexual violence survivors joined forces to strengthen ways to end violence against women. Lectures, workshops and presentations were attended by representatives of more than 20 countries where Avon operates; also by Lucija Josipović, Avon’s Senior PR and Advertising Specialist for Bosnia and Herzegovina, Croatia and Slovenia, and Anamarija Matanović, Project Coordinator at Brod Association. As a guest of honor, former U.S. President Bill Clinton, who had signed the Violence against Women Act 18 years ago and thereby contributed greatly to the fight to end violence against women, delivered a speech. Once again this conference made it possible to share effective solutions to address the issue of domestic and sexual violence around the world and to promote partnerships and change attitudes.

THE CONVERGED LIFESTYLE

To imagine the pace of change in the mobile services market space, globally as well as in the Central and Eastern Europe region, it is just enough to mention the difference in the world we live in today, when KPMG has just completed its fifth “Consumers and Convergence” market study, with that same world five years ago, at the time first such study was developed. Five years ago there were no Apple iPhones or Google Android phones, no tablet computers, no mobile apps for these and barely any mobile instant messaging and internet browsing, while Twitter and Facebook were in their infancy. Based on the key findings of the study, when out shopping these days, consumers are ever more likely to turn to their smart phones and tablets, as well as personal computers, to get around (severely disturbing the GPS navigation devices market in the process), find offers, check recommendations, compare prices, access online coupons, and ultimately pay for their purchases. Consumers exhibit an increasing appetite to adopt new technologies and business models. In KPMG’s 2008 survey, half of respondents said that they were very uncomfortable with mobile banking and today, that position has completely reversed with 66 percent willing to use their mobile phone as a wallet.

Another example is a fivefold increase in respondents who prefer to use their mobile devices for web browsing, news and shopping. While consumers are happy to adopt new technologies, they are increasingly resistant to paying for the associated online content and service. Having grown used to “free” models, 73 percent of people said they would not be willing to pay for access to online content, up from 57 percent last year (and this is surprisingly similar for Western Europe, North America and the CEE).
Steelcase Inc. approaches its 100 year anniversary as one of Fortune’s “World’s Most Admired Companies”

Steelcase Inc. has been recognized as one of FORTUNE magazine’s 2012 “World’s Most Admired Companies” in the Home Equipment, Furnishings industry sector. Steelcase is ranked sixth overall in this sector, and is joined by notable and global brands such as Whirlpool, Tupperware Brands and Electrolux, among others. FORTUNE’s rankings are published each year and reflect the observations and opinions of executives who rate their peers and competitors on nine different aspects. These aspects include innovation, people management, use of corporate assets, social responsibility, quality of management, long-term investment, financial soundness, quality of products and services, and global competitiveness. More information on the World’s Most Admired Companies can be found at Fortune.com.

“This is a significant point of pride for everyone at Steelcase, particularly as we’re embarking on our centennial this year.”

For 100 years, Steelcase Inc. has helped create great experiences – wherever work happens. As a global leader in the office furniture industry, we offer a comprehensive portfolio of workplace furnishings, products and services, inspired by nearly 100 years of insight gained serving the world’s leading organizations.

As we celebrate our centennial, we are focusing on the future by collecting dreams and ideas from all around the world. Our yearlong anniversary project, “100 Dreams. 100 Minds. 100 Years.” presents a springboard to the century ahead.

We invite you to be a part of our worldwide centennial celebration, by sharing your dreams and ideas at: http://100.steelcase.com/

EGIFT CARD – NOVELTY IN THE RBA CARD OFFERING

The offering of cards issued by Raiffeisenbank Austria d.d. (RBA) has been expanded with the addition of an eGIFT card which, along with the purchases at the points of sale at home and abroad, also enables secure Internet shopping.

The RBA eGIFT card is available at all Raiffeisenbank outlets, where a desired gift amount will be paid and loaded on the card. Top-ups are possible via Internet banking, at Raiffeisenbank outlets and all other locations for payment within Croatia. Additional advantages of RBA eGIFT card include: spending control, flexibility, as well as easy, safe and quicker purchases.

In the upcoming holiday period or on any other occasion in which it is given, the RBA eGIFT card represents an ideal present by allowing the person who receives it to buy what that person needs most at the time.

IBM solutions for smarter banking and more long-term results in insurance

IBM’s business event, Financial Solutions Day 2012, held in Zagreb on March 13, 2012 gathered participants from the financial and insurance sectors, and presented the entire portfolio of IBM business intelligence solutions, advanced analytics, financial management and strategy. With an audience of about a hundred participants, IBM experts, business partners and users – through two lecture streams (banking and insurance) – presented their experiences and projects based on IBM technologies and software solutions, which help lower the costs, optimize business processes and increase efficiency.

“All the more advanced systems of predictive data analysis, previously unimaginable hardware support for analytic systems, as well as advanced data and processing models, make it possible to detect anomalies in transaction patterns. The trend of gathering and processing huge amounts of structured and unstructured data – popularly known as Big Data – is the foundation for the creation of financial solutions which make it possible to have correct decisions for your long-term business planning, as well as ensure innovation and flexibility in facing new business challenges. IBM solutions, Business Analytics, facilitate complete, consistent and accurate data management, on which you, as decision makers, can rely in improving your business and coordinating it with financial regulations,” said Daniel Simic, Head of the Business Services department at IBM Croatia.

The guest speaker, Isidre Garriga Oliveras, from the Banking Industry Solution Center in Barcelona, presented ideas for transforming banking channels for smarter communication with clients, the current trends and initiatives in the areas of client behavior and experience, as well as trends in banking channels. In his talk, Mr. Oliveras stressed that today’s clients are more informed, more connected with each other and smarter, and that they are looking for products, services and prices adapted to their needs, as well as the delivery of products and services through channels adapted for them.

In these challenging moments for the financial market and banking investments, many are beginning to realize that the source of stable revenue and potential growth lies in the retail aspects of the market, oriented towards clients. But, clients are increasingly demanding, so banks have to ensure a superior relationship with client experience, necessary in today’s market.
THE HP 360° CONFERENCE EXCEEDED EXPECTATIONS WITH MORE THAN 650 PARTICIPANTS

Hewlett-Packard, the leading global technology company, on the latest trends in the industry

The HP 360° conference, organized by Hewlett-Packard on 15 March 2012, hosted more than 650 information technology professionals, business guests and journalists from all over Croatia and the region. The now traditional, 4th business and technology conference presented the latest trends in the IT industry and news from the world of HP technology.

The conference was opened by Boris Bauk, Managing Director of Hewlett-Packard Croatia who, in his introductory lecture, said: “HP is a leading technology company in the world and such a large turnout at this conference shows that we are a strategic partner to many businesses in Croatia. We have people, ideas and technology that help many people to achieve business goals - and our goal is to continue to be the best at it.”

After the introductory lecture, the HP Regional Directors presented the main guidelines of HP performance in the markets of the region. HP experts from Croatia held most of the lectures and workshops, demonstrating how their knowledge and experience can offer customers the best service possible.

World market leader

Conference participants had the opportunity to get acquainted with the latest technology, and one of the novelties was the HP ProLiant Gen8 server that completely changes the global server market. According to the analytical company IDC, Hewlett-Packard has been the world market leader in x86 servers for 63 consecutive quarters. HP ProLiant Gen8 servers are the result of a $300 million, two-year program called Project Voyager, the company’s initiative to redefine data center economics by automating every aspect of the server life cycle. With intelligent technologies that automate tasks and significantly improve uptime, HP ProLiant Gen 8 with HP ProActive Insight architecture addresses the top concerns of enterprises.

EMBA STUDENTS FROM THE UNIVERSITY OF MARYLAND VISITED MCDONALD’S IN ZAGREB

EMBA students from the University of Maryland, spent a few days in Croatia in March, and during their visit, students had the opportunity to visit U.S. Embassy, Microsoft, McDonald’s, Applied Ceramics, Kraš and PricewaterhouseCoopers, which was organized by AmCham. At McDonald’s, students felt like at home and enjoyed a coffee at the McCafé within McDonald’s restaurant Vrbani in Zagreb, after having heard the presentation held by Deana Stipanović, Head of Communications and Legal Depts. at Globalna hrana d.o.o. – McDonald’s DL for Croatia. McDonald’s is one of the world’s biggest brands, so students were mostly interested to hear the story about its history, the founder of McDonald’s corporation, Mr. Ray Kroc, as well as its remarkable development into the most famous quick service restaurant chain all around the world, about its franchising and corporate social responsibility. In Croatia, McDonald’s currently has 19 restaurants and it is announcing further development, job openings and continuing investments into openings of the new restaurants and remodeling of the existing restaurants.

DINERS PROFILE 2.0 ON IPHONE AND IPAD

In order to make it possible for Diners Club cardholders to control their spending at all times, the credit card company Erste Card Club has introduced a Diners ProFile application for iPhone and iPad. The application is available from the Apple Store and so far it has been downloaded by about 2,500 users. Its basic functionalities are visible to all iPhone and iPad users, but if they decide to use it to keep track of their spending, they need to have or apply for a Diners Club card.

Diners ProFile for iPhone and iPad offers the basic functionalities of the web application adapted for the touchscreen interface. The Diners ProFile web application is available as part of ECC online services. After registration, the application enables a simple and comprehensible overview of daily spending by which the user gets a complete picture of all their expenses and their structure by different categories. In this way they can keep track of what they have spent on food, telephone, fuel, clothing, etc. Expenses are divided into nine basic categories and numerous subcategories, so the user can see in what stores they spend most often, what their average spending is, etc. The application also offers the possibility of viewing the spending statistics for all purchases. By tracking the indicators provided by Diners ProFile, the user can soon develop a realistic picture of their spending, become aware of their spending habits and keep their personal finances under control. An expense can be tracked through Diners ProFile if it is incurred by using the Diners Club card. More at www.diners.com.hr.
New Members

CORPORATE

GENERNA D.D.
SVETONEDELJSKA 2, KALINOVICA
10436 RAKOV POTOK
PHONE: 385 1 3388 888
FAX: 385 1 3388 704
INFO@GENERNA.HR
WWW.GENERNA.HR
CONTACT PERSON: ANA PRELOG, CORPORATE COMMUNICATIONS,
ANA.PRELOG@GENERNA.HR
ANA BAGARIĆ, EXECUTIVE DIRECTOR OF CORPORATE FUNCTIONS,
ANA.BAGARIC@GENERNA.HR

With a hundred years of history and tradition, Genera Inc. is the leading manufacturer of animal health products in Croatia and neighbouring countries. Genera’s history dates back to 1901, when the Royal Croatian-Slavonian Bacteriological Institute was founded. Since 2009 the Company has been listed on the first quotation of the Zagreb Stock Exchange, and since then it has operated under its current name: Genera Inc. Genera is the holder of two GMP certificates that confirm compliance of all production processes and quality standards with the highest requirements of EU regulations. In all of its business activities, Genera strives to implement the best European corporate practices and promotes corporate and social responsibility.

KEMPINSKI HOTEL ADRIATIC
ALBERI 300 A
52475 SAVUDRIJA
PHONE: 385 52 707 000
FAX: 385 52 737 093
CONTACT PERSON: MR. KONSTANTIN ZEUKE, GENERAL MANAGER
RESERVATIONS.ADRIATIC@KEMPINSKI.COM
WWW.KEMPINSKI.COM/ISTRIA

The Kempinski Hotel Adriatic is the first Croatian 5 star luxury seaside Golf & Spa Resort. Located near the town of Umag, the hotel boasts 186 exclusively furnished rooms and suites, two gourmet restaurants, three bars, a 3000 sq m Spa with gym, the Kemp Kids Club, a private wedding chapel, a serviced beach, different conference facilities, as well as an 18-hole golf course.

SMALL BUSINESS

WEB.BURZA
SEAT: 4. LUKA 11A, 10040 ZAGREB
STUDIO: SAVSKA 28/III, 10000 ZAGREB
PHONE: 385 1 4818 408
FAX 381 4818 407
WEB@BURZA.HR
WEB.BURZA.HR
CONTACT PERSONS: VANJA BERTALAN, DIRECTOR, MOBILE: 385 91
6252 555, VANJA@BURZA.HR
ivana tomić, IT EXPERT, MOBILE: 385 98 161 7976, IVANA@BURZA.HR

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

Living by the credo “Measure three times, cut once” Web.Burza also has the outstanding ability to produce project documentation that discerns what will work and what won’t. The team lives, eats and breathes the web and that’s why they have flagship projects such as Coolinarika.com, Dnevnik.hr, RTL.hr, eZadar.hr, Emmezeta.hr.

IM&C D.O.O.
MAKSIMIRSKA 94, 10000 ZAGREB
PHONE: 385 1 2302 999
FAX: 385 1 2338 088
INFO@IMC-AGENCIJA.HR
WWW.IMC-AGENCIJA.HR
CONTACT PERSON: STANA LUKIĆ

IM&C is a modern PR agency that strives to set new trends in the industry. In the world around us we do not see problems – merely solutions that need to be created. Our IM&C team consists of junior and senior professionals who constantly strive to achieve even better results for their clients. For us every client is a new world to discover and help to develop. We nurture family-like relations with our clients and we believe in long-term cooperation. Simply put, we are a preferred partner because we love our job. We are a medium sized, privately owned PR agency, founded in 2002. The IM&C agency has 10 employees and regularly cooperates with 20 external associates. IM&C, as an agency and its employees, are members of domestic and international associations such as IPRA (the International public relations association), EUPRERA (the European Public Relations Education and Research Association), WOMMA (the Word of Mouth Marketing Association), EACD (the European Association of Communication directors).

ODVJETNIČKI URED VUKINA
PRILAZ GJURE DEŽELIĆA 30, 10000 ZAGREB
PHONE: 385 1 4874 970
FAX: 385 1 4874 971
INFO@VUKINA.HR
WEBSITE: WWW.VUKINA.HR
CONTACT PERSONS: SANJA VUKINA, ATTORNEY AT LAW,
SVUKINA@VUKINA.HR
MARINA POTURIĆ MLADIN, ATTORNEY AT LAW,
MPOTURICIC@VUKINA.HR
IVANA STOJAN, ASSOCIATE ATTORNEY, ISTOJAN@VUKINA.HR

The law firm Vukina provides a full range of legal advice and repre-
A. HBA Global Expo will be celebrating its 20th year in 2012! It is the leading product development show for the entire beauty and personal care community including skin care, cosmetics, fragrance, personal care and well-being industries. For three days, the top brand manufacturers from mass to prestige, as well as independent and niche beauty companies will gather to learn about industry trends and discover new products from the world’s leading suppliers. There will be special mentions, awards and networking events in honor of the 20th year celebration. HBA does not focus on finished cosmetic products.

B. SPA & Resort Expo/Medical Aesthetics Expo (www.spasadresortexpo.com) is co-located with HBA Global Expo. This section of the show features finished products for resale, such as mineral cosmetics, skin care systems, skin care systems and devices, tanning products, injectables, aromatherapy, robes, linens, scents, nutritious foods and beverages, supplies and treatments used in salons and spas. The co-located trade shows, together attract more than 500 exhibitors and over 16,000 attendees from around the world. On the floor of the show, there are several demonstration areas, where make-up artists display and create makeovers, where trend presentations are offered by industry analysts, where massage and skin care regimes are displayed, where new products are sampled and tested.

C. Who attends and exhibits. If you are a manufacturer, supplier or simply involved with a product or service related to the cosmetics and personal care industry. Attendees are nationwide, local, and international. More than 500 companies will exhibit at the expos, registered under one or more of the product categories listed in item 2A of this announcement. At the same time, this is the opportunity to visit New York, one of the world’s premier tourist destinations renowned for its architecture, cultural events and cosmopolitan spirit. A vibrant city offers something for everyone. Visit: www.nycgo.com

If you are interested in attending the HBA Global Expo 2012, contact the Commercial Service in the American Embassy Zagreb: Office.Zagreb@trade.gov
Member to Member Discounts

TPA HORWATH d.o.o.
- 10% discount on all our services

FURNITURE

STEELCASE
- 3% special discount, valid for AmCham members who do not already have a separate (European / Global or any other) contract with Steelcase

HEALTH CARE

POLIKLINIKA MEDIKOL
- 10% discount on medical services: Physical Medicine and Rehabilitation Center and Dermatology, Internal Medicine, Radiology, Gynecology and Obstetrics, Ophthalmology, Neurology, Urology, Cytology
- Discount does not include: sedation, medical contrast, PHD, medical reagent, medical devices, drugs, external laboratory services

ORTOIMPLANT d.o.o.
- Free consultation regarding oral hygiene and the active care of complete oral health,
- Free telephone based consultation with our dentists regarding your current concerns and the treatment options,
- Free dental second opinion,
- Organization of diagnostic examination with maximum flexibility and priority during scheduling

PATRON EXECUTIVE CLUB (ADDITIONAL OFFER):
- Free educational material in connection with oral health and innovative methods of treatment through our newsletter
- Free diagnostic examination that includes an RTG, functional diagnostics and orthodontic diagnostic in the value from 5,000 Kn

HOSPITALITY INDUSTRY

HOTEL ANTUNOVIĆ ZAGREB
- 10% discount on the room rates during a week
- 30% discount on the room rates during weekends
- For AmCham members that do not already have contract for accommodation
- 10% discount on ASPA wellness services

SUPETRUS HOTELI d.d.
- 20% discount on the accommodation prices for the AmCham members

REGENT ESPLANADE ZAGREB
- 15% discount on published room rates
- 15% discount on food and drinks consumed in the hotel restaurant and bar
- 25% discount on rental of meeting rooms
- Complimentary upgrade to a higher room category (upon availability, excluding presidential suite)
- Complimentary glass of sparkling wine per person during lunch or dinner

INFORMATION TECHNOLOGY

ETRANET GROUP
- 10% discount for all solutions and products based on the cards including Acces and Time Attendance systems!

HEWLETT PACKARD
- Discount cca 30-40% from list price
- For specific models offered at discounted rate please contact Hewlett Packard office

INTEA
- 10% discount on BALDOR motors, drives and motion products
- 10% discount on SENA Bluetooth products
- 10% discount on Aaxeon industrial Ethernet switches, media converters and serial device servers

LENOVO
- For specific models offered at discounted rate please contact Lenovo office

MIKRONIS
- 5% discount on all products

SILICON MASTER
- 5-25% discount from the list price on the selected products from our portfolio

INSURANCE

ALLIANZ
- For details on offered discounts please contact Allianz

PUBLISHING

ALPHEUS
- 10% discount on all Alpheus inSight subscription models’ annual fee; for more information on this service please visit http://insight.alpheus.hr/registration.htm#page=/registration/info.htm

BUSINESS MEDIA CROATIA
- 25% discount on all advertisements in B2B magazines (for AmCham members who don’t have separate contract): Kamion&Bus, Autopartner, Restaurant&Hotel, Mineral, Tehnoeko
- Archive issues are available online in .pdf format at www.bm croatia.hr
- 25% discount on banners on web sites
- 20% discount on subscription of every magazine
- 15% discount on seminars
- 20% discount on published books

TRANSLATION

AION d.o.o.
- genuine 20% discount for written translations
- special deals for simultaneous and consecutive interpreting
- special deals for lease of equipment for conference interpreting

TRANSPORTATION

RHEA d.o.o. - FedEx Licensee
- 20% - for outbound and inbound shipments

TRAVEL

ATLAS TRAVEL AGENCY
- for details on available discounts please contact Atlas

HERTZ CROATIA - ANTERRA d.o.o.
- 20% discount on car rental in Croatia + Free Upgrade

PROFICIO
- 15% discount on individual rates for accommodation in all-inclusive Pine Beach Pakoštane - Adriatic Eco Resort.
**ADVERTISE IN AMCHAM “NEWS & VIEWS” MAGAZINE**

**WEBSITE ADVERTISING**

- advertising price is for a period of one quarter (3 months)
- VAT not included
- Non-members pricing – base price + 50%
- Banners should be in .jpg format.

For additional information, please contact: Vjekoslav Kalenski - info@amcham.hr

**PRICE**

| 170x120 pixels | 5.000 kn |

**E-BULLETIN ADVERTISING (Members only)**

Chamber’s E-bulletin is sent every week to 1500 e-mail addresses of senior management of AmCham member companies and other business partners, as well as government and international institutions. Available advertising space is limited and on a first-come first-served basis.

- one-time announcement – promotional text (max. 600 characters including spaces) and your company logo or other picture/photo - 750,00 kn + VAT
- E-bulletin sponsor – your logo published in every E-bulletin in the period of 3 months (12 issues) – 7.000,00 kn + VAT

For reservations and any additional info, please contact: Ms. Ivana Karavidović (events@amcham.hr).

**PUBLISHER**

American Chamber of Commerce in Croatia

**CIRCULATION**

1.500 copies per issue

**PUBLISHING SCHEDULE**

quarterly

**DISTRIBUTION**

- Direct mailing to management of AmCham member companies and other business partners and various government and international institutions (in Croatia and abroad) – including diplomatic corps and American Chambers in all European countries
- distributed at AmCham events
- in the VIP lounge of the Zagreb Airport

**ABOUT MAGAZINE**

- magazine is published in English
- archive issues are available online in pdf format at www.amcham.hr/publications/

**RESERVATIONS AND ADDITIONAL INFORMATION**

American Chamber of Commerce
Marina Vugrin
Phone: 01 4836 777
Fax: 01 4836 776
e-mail: office@amcham.hr