AmCham Lunch with Minister Maras
AmCham Lunch with Minister Linić
Independence Day Picnic
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.
Dear Members and Friends,

Despite the complex economic situation, I am glad to say that AmCham is steadily growing. Twelve additional companies joined us in the 2nd quarter of 2012 and recognized AmCham as the organization which can help them to expand their business network and influence the policies.

After the first 100 days of the new government, the second quarter brought a variety of initiatives within the AmCham. Minister Maras, who was our guest at the debate of political parties organized by AmCham in cooperation with British Chamber of Commerce in late 2011, accepted our invitation for a May business lunch and presented government’s plans to boost investments. After a constructive meeting of AmCham’s delegation with Minister Linić and Tax Administration, the Minister was the guest speaker at our June business lunch. Minister announced some new initiatives and our members and lunch guests used the opportunity to address various issues in Q&A session. We are sharing with you highlights of Minister Maras and Minister Linić speeches in this News and Views.

Environmental Committee prepared comments on the draft of new Waste Act and held a roundtable discussion with Mr. Ramljak on energy investment projects. IPR committee discussed IP enforcement initiatives with the Assistant Minister of Interior, Mr. Kirigin. We are pleased to announce that Human Capital committee is starting its work and expect their initiatives in the fall.

One of the traditional activities we are very much proud of is the Evening for safe steps, our gala dinner, dedicated to demining. In June, AmCham has handed over a donation, i.e., funds raised at last year’s event. The amount of 327,000 kn collected at the dinner, was matched by the US government and will enable demining of more than 66,000 m2 of village Pedići. Once again it was the occasion to testify to high level of social responsibility by our member companies which are providing funds in such difficult economic circumstances.

Even though focused business networking is our priority, we were proud of two rather informal and fun events. Our patron members participated in the regatta organized by AmCham Slovenia and Croatia with U.S. ambassadors to Croatia and Slovenia as guests of honor, who joined us in this memorable sailing experience. End of June was marked by the traditional Independence Day picnic on Bundek from which we bring you beautiful photographs that testify to a relaxed day full of fun in a family environment. This year we were pleased to welcome Mr. Davor Bernardić, President of the Zagreb City Assembly who joined us at the picnic.

Summer season is the right time to once again check the plans, their execution and new ways to support your business. Call us, visit our office and check the options which can be provided by AmCham Croatia to get ready for busy fall season.

I wish that you will find some time for the summer holidays and see you soon.

Sincerely, Andrea Doko Jelušić, Executive Director
Chamber News

**Microsoft** AMCHAM BUSINESS REGATTA
**Portorož to Umag, May 18, 2012, PATRON MEMBERS EVENT**

The American Chambers of Commerce in Croatia and Slovenia for the first time organized the exclusive AmCham Regatta, aimed at establishing new business connections and opportunities among the top businessmen from both countries. The Regatta took place from Portorož to Umag. The event was attended by more than 60 participants, leading businessmen from both countries, members of AmCham Croatia and Slovenia. The US Ambassador to Slovenia, H.E. Joseph A. Mussomeli and the US Ambassador to Croatia, H.E. James B. Foley joined the event as Guests of honor. Slovenia is an important foreign trade partner of Croatia and an important investor in Croatia. Such events strengthen the bonds of friendship between the two countries and bring new opportunities for business cooperation.

In order to make the competitive part of the race more entertaining, mixed teams from both countries were formed. Market competition was replaced with the one at sea and the team of Abbott was the first to arrive at the Umag marina and receive the trophy. The event was concluded with a late socializing lunch at the Kempinski Hotel Adriatic Istria. The winning team received a special Ortoimplant VIP voucher to be used in their Ocean Spa and dental center and the most hardworking person on board received a Sailsation voucher for a sailing course.

**AMCHAMS IN EUROPE TRANSATLANTIC CONFERENCE** Washington DC, 8-10 May

The AmChams in Europe Transatlantic Conference in Washington DC took place on 8 - 10 May to coincide with ‘Europe Week’. It provided fantastic networking and profiling of the network, with over 21 participants representing 20 AmChams from across Europe and wider Europe. There was the first presentation of the AmChams in Europe publication on ‘The Case for Investing in Europe’ by author Joe Quinlan during the Transatlantic Policy Network (TPN) conference on Capitol Hill on 9 May, followed by the official launch of the brochure at a Transatlantic Business Reception Cocktail hosted by the US Chamber and TPN.

The program also included a meeting with US Deputy Secretary of State Thomas Nides, roundtable sessions with US State Department and Under Secretary Robert Hormats, as well as a lunch at the US Department of Commerce with Matthew Murray, Deputy Assistant Secretary for Europe and Eurasia. In addition, there was a half day briefing session with the US Chamber, kindly hosted by 3M, and a Hill & Knowlton strategies dinner with other transatlantic associations. AmChams also visited the Public Affairs Council and had a very interesting presentation on their Pulse Survey, addressing American public attitudes towards business. All these meetings gave further opportunities to hand out the ‘Case for Investing in Europe’.

Andrea Doko Jelušić, AmCham Croatia Executive director, also met with the Croatian Ambassador to the US, H.E. Joško Paro.

**PARTICIPATE IN CROATIA’S LARGEST HIGHER EDUCATION FAIR**

AmCham Supported Event, October 16, 2012, National University Library in Zagreb  
October 18, 2012, Faculty of Philosophy, University of Rijeka

As Croatia’s largest higher education fair, and also one of the largest fairs of its kind in Southeast Europe, this two-day event provides a unique opportunity for Croatian and international exhibitors to present their institutions, study programs, scholarships/financial aid programs and other educational services to over 10,000 Croatian students and young professionals. The Partner Country of the Fair in 2012 will be the United States of America (officially supported by the U.S. Embassy in Zagreb) and the Fair will present a wide range of institutions providing study and learning opportunities in the USA. The Fair will provide an exhibition space for over 40 institutions. Participation as an exhibitor at the 2012 Fair includes: an exhibition booth, a 20-minute presentation, one-page feature in official Fair brochure, a 6-month virtual exhibition period at the On-line Fair. In addition to exhibition possibilities, we invite you to maximize your exposure and link your brand to this unique event by becoming official sponsors of the Fair. Three categories of sponsorship packages are available, providing promotional opportunities to showcase your products, services, and programs to more than 10,000 visitors and more than 300,000 unique visitors at our web and Facebook pages.

For more detailed information about the Fair, please visit: www.stipendije.info/en/fair. If you are interested in becoming and exhibitor or sponsor of the Fair, please contact the Institute for the Development of Education in Zagreb (contact: Ms. Ana Marinović at amarinovic@iro.hr).
As one of the leading international business organizations in Croatia, our goal is to support our members’ business development. Membership in AmCham provides numerous opportunities for networking and promoting your company to the Croatian business community. AmCham held a successful event “Benefits at a Glance” for the CMOs/PR managers with a goal of informing our members on how to utilize all the advantages of AmCham membership and the tools they can use to promote their company more successfully. The event provided information on the wide range of effective and targeted marketing tools:

- Sponsorship of important business events, strengthening your company image and access to leading political and economic figures in Croatia
- Promotion of your company, products and services through targeted communication channels
- Using the advantages of the international ‘AmChams in Europe’ network
- Using the AmCham Croatia network of contacts for the purposes of direct marketing
- Free member services
- M2M program

AmCham organized the mine adoption ceremony and press conference to hand over the funds raised at the humanitarian dinner - Evening for Safe Steps 2011. The funds will be used for clearing an area of 66.289 m² in village Pedići (Novigrad municipality, Zadar county). The dinner raised 327.000 kn through ticket sales and direct donations and the amount has been doubled with the U.S. funds through International Trust Fund (ITF). The mine clearance is expected to start this summer. Andrea Doko Jelušić, AmCham Executive director, H.E. Edwin L. Loughlin, Canadian Ambassador and Hoyt B. Yee, Deputy Chief of Mission of U.S. Embassy, symbolically handed over a check to Stipe Zrilić, Zadar County Prefect and Mladen Crnković, Chief of staff of the Croatian Mine Action Centre. The ceremony was also attended by Dijana Pleštica, Director of the Croatian Government’s Office for Demining, Marija Plesec Pongrac from the ITF Enhancing Human Security and representatives of dinner’s Gold sponsors: Ronald Given, Branch Managing Partner of Wolf Theiss and Rahela Opalk, Director of Customer relationship development department - PBZ Card.

Mr. Ante Ramljak (Member of the Board, Center for energy sector and investments - Centar za praćenje poslovanja energetskog sektora i investicija) was the guest speaker at AmCham’s roundtable attended by Environment committee and other AmCham members. Mr. Ramljak presented Government plans and strategy for the energy sector, with emphasis on the major projects that will be offered at tenders for private sector partnership – Plomin thermal power plant, LG terminal on Krk and a series of hydroelectric power plants. Mr. Ramljak was open for further discussion and a follow up event. We would like to thank hotel Esplanade for sponsoring the event.

AmCham organized a farewell breakfast with Ambassador Foley and AmCham Board members. Mr. Vidaković, AmCham President, thanked the Ambassador for his support to the work of AmCham and for always having open doors to voice the issues of the business community and discuss suggestions for improvement of the business/investment climate in Croatia. Ambassador’s strong support has helped AmCham advocacy efforts to get recognized by the Croatian government. AmCham has been experiencing growth despite the crisis and part of this is due to the support of the Embassy and Ambassador Foley. Ambassador has commended AmCham’s work in the advocacy and wished us success in the future.
Five months after the Election debate round table where the main topics were the economy, competitiveness, problems, challenges and opportunities for Croatia, AmCham Croatia organized a luncheon with the new Minister of Entrepreneurship and Crafts Gordan Maras, who presented the key government plans for the future.

THE MINISTER OF ENTREPRENEURSHIP AND CRAFTS Gordan Maras presented the everyday challenges for the Government, changes that have already been made and those planned for the future.

The main goals of the Government and the Ministry of Entrepreneurship and Crafts are to improve the business environment and the competitiveness of the Croatian economy. In the fiscal area they have already undertaken tax reforms providing tax relief for the Croatian economy. The problem of high tax-burden is being resolved by a two percent decreased contribution off the gross salary and until the end of the Government’s mandate this contribution to the gross salary should decrease by a total of eight percent compared to the beginning of mandate. Until now, the decreased contribution of two percent has relieved Croatian economy by three billion kuna annually in the first year.

There have been many complaints about high public consumption, but this government can pride itself on the good results since the government budget is lower than ever, for the first time since independency. The first barrier has been crossed: the credit rating with all relevant agencies is being successfully maintained.

The government is aware of the situation that there is still a great deal to do in improving the investment climate; the number of permits, the simplicity of investment, public safety, legal security, security of payments. A decision was made at the session of Parliament to reduce the number of permits required - from 17 to two in the segment of investments related to renewable energy, especially for small users. There should be more decisions like this in the future because the long administration process is a great barrier for investing in the Croatian economy.

### HISTORY OF INVESTMENT IN THE CROATIAN ECONOMY

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<th>YEAR</th>
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In 2008, there were four billion HRK in foreign investments in Croatia, then a year later, in 2009, only 400 million HRK investments and finally in 2010 this figure dropped by half, to 200 million HRK. Also in 2010, the Government’s Trade and Investment Promotion Agency was abolished, which was justified by the desire to reduce the administration process which brought nothing good; yet, an agency with good prospects was shut down. With amendments and a new law this year, the Ministry introduced new agencies to deal with the promotion of investment, attracting investors for small- and medium-sized investments up to 50 million euro (the Croatian Agency for SMEs) and the Agency for investment and competitiveness for major investments. These agencies are a great support for everyone who wants to invest in Croatia.

The general plan for this year is to double investments in comparison with last year, to 2.4 billion kn, through public enterprises and major plans and projects by the Ministry; therefore it is possible to expect tenders.

In addition, it is important to establish order in payments, through assurance for entrepreneurs that they will receive payment for their goods and services. A new law must be adopted on financial transactions that will clearly define terms, and establish monitoring and sanctions for those who do not respect the payment terms.
MINISTER MARAS

4 May 2012

For all procurement for public enterprises that goes through the Ministry in amounts above two million HRK, a 10 percent advance payment will be made so our entrepreneurs would be able to meet the terms. This model has multiple benefits for Croatia, although it might be burden for the state budget at the beginning.

There are also other models of funding that will allow realization and implementation of already existing projects, with European financial institutions such as the European Investment Bank and the European Bank for Reconstruction and Development being partners in achieving these goals. Likewise, the Croatian Bank for Reconstruction and Development (or HBOR) is waiting for its own role in this project by funding with the most favorable interest rates in Croatia, with one to three percent risk of service of the loan. Loans are granted through commercial banks and the HBOR has the role of a guarantee agency. Until now, some very good projects in small and medium-sized entrepreneurship have not managed to obtain a loan because they were not sufficiently capitalized.

The government has adopted a new warranty program based on quality and the plan is to issue the same number of guarantees that were released over the past four years, which was over 400. So, this year the plan is to issue 500 guarantees in projects with a value of 4 billion HRK as a contribution to boosting the economy in this investment cycle.

All these plans are oriented towards economic prosperity, and economic growth is expected, despite analyses that indicate that there will be economic decline for the fourth consecutive year.

If these plans are to be implemented through investments and public enterprises, there is a significant chance for the Croatian economy to end this year positively, finally after three years. That would be a great start for next year and a meaningful push for our economy.

Moreover, there is a great opportunity for Croatia regarding accession to the European Union market and the possibility of using EU cohesion funds worth half a billion euros in 2014: if implemented in Croatia, this amount would bring over three percent of the GDP. This is a key issue to deal with and the Ministry must be fully committed to it in the coming period. At the same time, it is important to improve the investment climate; investors should facilitate, maintain and improve the credit rating, consolidate public finances and ensure all payments, which ultimately leads to a stable budget. Minister Maras emphasized that all plans are achievable in the next year.

Energy is an area where there is a possibility for investment and there are two major projects planned: Plomin and the Ombla hydroelectric power plant. The design projects are ready and should be launched by the end of this year. The possibility to invest in energy sector is seen through the figures: every year we import 3.5 billion HRK worth electric power, which puts us on a second place just after Finland; if Finland builds a nuclear power plant, Croatia will take the first place. Another reason are renewable energy sources: a new pricing regulation is being prepared for incentive prices for certain type of plants (solar, wind or water power). By 2020 we need to meet the quota of 20% from renewable energy sources. Croatia must be competitive with the neighboring countries, and attract the attention of foreign investors. One current project is the liquefied natural gas (or LNG) terminal on the Island of Krk, which should also be launched by the end of this year.

In the infrastructure development, the airport project has finally began. It is extremely important since it adds one more advantage to our competitiveness, both in terms of the investment value and the quality of air transport infrastructure. Apart from passenger traffic we must also develop cargo traffic.

There is great interest in our ports because we will become a major sea port after entering the EU. The ports of Rijeka and Ploče must develop in order to strengthen our competitive advantage by playing a significant role in maritime traffic. This should be the focus, together with the construction of railway lines, which must meet the need to increase traffic.

One area of investment that is relatively untouched is tourism: in the past two decades there has not been much investment in tourism except in Zagreb and Istria. The main problem is that we do not have enough quality offers at the prices investors would want. Also, tourists spend 30 percent less money than in comparable countries.

We need to find a model that will attract people to invest in Croatia and refresh the offer in the tourism sector, nautical tourism and, especially, develop marinas since nautical tourism is the fastest growing in the whole industry. Besides this, there are a few requirements: security, stimulating tax solutions and a new law on investment promotion, which is undergoing the adoption process because we must be more competitive than Hungary, the Czech Republic, Slovakia, and Poland in this area too. According to EU rules, for certain investments in amounts up to 50 million euros it is allowed up to 50% return on investment as an incentive.

We also have tax relief regarding reinvestment; every kuna that is reinvested is exempt from profit tax. A new law will define the exemption from contributions on salaries for new employees for the first two years of employment.
AMCHAM GREATLY APPRECIATES the cooperation of the current Government and its inclination towards maintaining close communication with the economy, as well as its openness to the opinions and suggestions of entrepreneurs.

This AmCham lunch ensued after a meeting with the Ministry of Finance, where AmCham presented its document “Opportunities for Tax Load Reduction without Cutting Taxes” which suggested the introduction of binding opinions and the need for the timely VAT rebate. Through its thematic committees, AmCham actively works on recommendations for improvement of the business climate, whereby its members play a special role, investing their time and knowledge to provide suggestions and proposals.

The Minister of Finance Slavko Linić presented Government reforms and expectations related to the improvement of the economic situation, as well as programs and measures planned for this mandate. He pointed out that the most important measures are related to economic growth. Government projections suggest that the crisis in Croatia is so great that during the next two years the private sector can do very little when it comes to economic growth. This means that the greatest share of activities should be taken on by the state, trying to create economic growth, mostly because the state still owns companies in the area of energetics, transportation and certain infrastructures, such as forests and waters. This may stimulate an investment cycle thus raising the level of activities in Croatia, enabling the maintenance of employment in the private sector and financial improvements in privately owned companies. Five months into the mandate, this Government has prepared investment in the domain of water management with over 1.2 billion to be invested very soon in the area of water supply and waste water management. Also, the national electrical power company HEP is prepared to invest in transmission and distribution; there are also possibilities for investment in road maintenance. What the Government has failed to do in the first five months are structural changes to the railways, including investment in its infrastructure, but the Minister said he believed that this segment will be provided for by the summer. In line with that, the Government plans to invest seven billion kuna more than last year, aimed at increasing the investment rate, from last year’s -7 percent to +7 percent in terms of GDP.

In the next four years of the mandate, the Government’s main goal is the energy sector, which may have a significant influence on the rise in the growth rate, by above two percent, mostly due to the excessive import of energetics, which also shows that the crisis in Europe does not affect investment growth in Croatia, or possible energetics capacity growth, but it would be necessary to replace domestic with foreign sources. The area of energetics is an area which requires major projects and foreign investors, or domestic fresh capital. The Government plans to conduct the privatization process in energetics in the area of production, but the state would remain the owner in transmission, distribution and monopoly activities, whether in electricity or oil and oil derivatives. Minister Linić expressed his dissatisfaction with INA’s partner MOL, which has halted the development of energetics in the area of oil and gas. “We have all had the opportunity to see this, no matter how much we needed funds for the budget, two billion kuna were given to INA for development, because it is unacceptable for drills to be abandoned, for drills prepared for exploitation not to be used, and that we are ruining two refineries,” the Minister emphasized.

Problems and solutions can be found in alternative sources of energy among small entrepreneurs from Croatia who want to prove themselves. There are also problems with finished wind power plants which cannot be connected because there are no transmission lines.

The issue of the railways and rail infrastructure still remains open, because large loans from institutional banks are being invested in ports. A clear message from the Government, the Minister said, is that cargo transport cannot be restored and that we need a partner for investment in that area. To be more specific: Končar, Gredelj, Đuro Đaković, and all those dealing in the manufacture of locomotive and railway trucks. Thus, it is safe to say that the investment cycle in the next four years may carry at least two to three percent of the economic growth necessary to pull us out of the recession. This is not a placement towards Europe or to our neighbors, but a replacement for imports which is our greatest problem. Goods trade is so negative that there is a problem with foreign currency and the replacement of imports with domestic sources is our chance of success. These are all assumptions to provide the private sector a greater share in investment activities in Croatia, and on the other hand, financial consolidation in order to turn towards exports and the European market.

Which reforms is the government planning to enable financial consolidation in the private sector, movement towards growth and a fight for competitiveness, so that we could move into European markets?

In the economic sector, this Government encountered an excessive tax burden. The basis of the budget, which we drew up within less than 30 days, was to reduce the tax load on the economic sector within the first year. We reduced the parafiscal taxes and on May 1 we started a reduction of two percent in health care contributions.

The greatest problem of competitiveness is the price of labor, but not due to net, but to gross salaries. Also, at this moment, we are drawing up guidelines for another two percent reduction of health care contributions, in order to increase competitiveness and stimulate employment. We are also willing to give up corporate income tax for each reinvested kuna, thus stimulating the retention of profit and directing it towards investment without any tax burden. These are approximately
the Government’s activities related to taxation. One of the greatest problems of the Croatian economy is the price of energetics being higher for companies than for citizens. That is why the change of prices in energetics, gas and electricity, has been directed towards citizens, and not industry, and, unfortunately, this is how the further harmonization of prices in energetics will be directed.

There is still the issue of fair competition, payment deadlines and the speed of bureaucracy which must respond to your demands, from company registration to the battle for new permits for investments and speeding up the process of urban planning.

With the new laws, by the end of the month we will see the effects of obtaining permits for investments more quickly. Thanks to the Ministry of Urban Planning, the Government is trying to use special programs to cut down procedures and speed up adoption of urban plans, so that there will be no justification for deadlines of a couple of years for obtaining permits.

Of course, there are also our commitments towards European legislation in the area of environmental protection. The studies on environmental protection will present one of the greatest problems, since there is a conflict of interest between economic activities and those who are trying to preserve nature for new generations.

The other aspects of the problem are fair competition and payment deadlines. The general tax law is just about to be given its second reading and Minister Linić holds that the Government has done their best to ensure fair competition among companies. This means that anyone who tries to be irresponsible and not pay their employees, suppliers, but instead pays their loans, without paying taxes, will be subjected to control.

“Our evaluation is that the justice system has not played its role, so we have started controlling such companies in administrative procedures and eliminating them from the economic scene. The Government has transferred responsibility to executive government, replacing the judiciary which has been completely ineffective.”

All public tenders are extremely important, the Minister said, because the main investor will be the state and state-owned companies, therefore it is important to know that only those who act in accordance with the law can bid.

There is still the problem of insolvency. On Friday, 15 June, the Government will publish the draft Law on Financial Operations. It is a simple piece of law stipulating that payment deadlines must be 60 days, managements will be given a 30-day deadline to reach an agreement with creditors, and if they fail, the negotiation procedure will begin.

Again, the Government’s message is clear, Minister said, and continued: we are not satisfied with the justice system, bankruptcy procedures were not effective, they were not instigated, and if they were, they lasted 10-15 years. Again, the Government will take over administrative procedures to act as an intermediary between debtors and creditors, but also as active participants if our claims are close to 50 billion kuna. We will do all this for the purpose of financial consolidation. Settlement is an attempt to transfer claims to the domain of capital or payment through assets. Thus, the deadlines are set at 60 days, followed by a 120-days period for answer on whether you agree to a settlement, what direction does the settlement take in terms of strengthening the capital company, turning loans into additional capital or reducing them so that the existing capital might grow.

As there are 43 billion kuna worth unpaid invoices, we will not talk about the huge number of insolvent or blocked legal entities; our assessment is that it will take six months to resolve the existing situation. This implies a series of people, hired by the Government but without any monopoly, who will pursue settlements. If 50 percent of creditors accept debtors’ plans, this will be followed by a court settlement, the court then confirms the settlement and we have consolidated companies. If the creditor and the debtor cannot reach a settlement, the bankruptcy procedure will start immediately and bankruptcy with restructuring will no longer exist.

It took over 10 years on average for commercial courts to reach consolidation, whereby creditors did not receive even 30 percent of their claims and this model was completely unsuccessful. Upon adoption of this law, we will try to solve the existing situation within six months and after that period the payment system in Croatia will be a responsible one and we will not depend on the efficiency of justice. When it comes to property, it is estimated that the cost of court bankruptcies will be the high tax on bankruptcy assets. The speed of the procedure itself means that the creditors will get more, instead of the state taking its share.

What puts off many foreign investors is the insecurity about the system of doing business and long court proceedings. The Government’s message is: we will solve the issues of insolvency and the responsibility of legal entities; we have found models and we have taken over some solutions for fallen companies from American models, but also from European models in Slovenia and France, and we have adjusted our situation to some familiar solutions.

It has been estimated that all tax debts can be reprogrammed for a period of three years. It is believed that many have not taken that seriously and the Government might decide to give another opportunity to reprogram tax debts for a period of three years until the end of February, of course at a favorable interest rate. The goal is not to settle tax debts but to solve our mutual relations, which must be clear.

With joint action by the Croatian National Bank, the commercial banks and the Ministry of Finance, we have provided for the release
of eight billion in loans directed towards everyone with difficulties, who needs the money, with the goal of paying off unfavorable loans and financing exports. The money may be obtained at acceptable interest rates, therefore the money is not the problem, the Minister emphasized. He also pointed out that these are all short-term measures directed towards bringing the business closer to the experiences of Europe and the world, making all entrepreneurs and investors feel equal and safe while the state does its part of the work.

Further planned measures will aim at raising VAT payment deadlines to 45 days by the end of the year, finally to a maximal deadline of 60 days, which will provide liquidity. Also, it is planned to reduce the taxes on food in the tourism industry, with the aim of attracting greater investment in tourism, since this segment brings the most foreign currency into Croatia. It is the strongest export branch, so it is very important to extend the season maximally, but also to ensure more hotel beds during the season.

The last measure concerns property tax. Namely, too much property is in the hands of the people who closed down the production processes, who own land, buildings, and facilities, and do not know what to do with them. At the same time, the price of real-estate is too high.

A further process to reduce the tax burden would be the amendments of the Property Tax Law. At the moment, there are utility fees defined for a certain location, and they should turn into property tax. If the property is used as residential property or for work, the tax must be lower compared to other property categories. This will present the backbone of financing local self-government, thus removing local parafiscal burdens and all the misunderstandings of foreign investors about local utility fees. These changes are planned to be completed by the end of the year, with the support of the World Bank and the IMF.

One of our greatest problems is the disorderly condition of the land registry, so the Ministry of Justice is planning to conduct a series of measures to harmonize the cadaster and land registries as soon as possible, and thus obtain a realistic calculation of property tax. Furthermore, while reducing health care contributions, a part of them will be necessary for increasing personal pension fund savings, which again means an increase in workers’ payments. This policy implies an active year in the area of disburdening the economy and a reason to believe the economy could be more competitive from one year to another. It is important to obtain information about planned investments from the private sector, where they see their market: in neighboring countries or EU countries?

Minister Linić agreed with the Prime Minister that their job is fiscal consolidation. In this year, we will decrease budget expenditure, through discussions and negotiations with the unions, by two billion kuna for salaries nominally in relation to last year. In addition, we will control unreasonable expenses in state-owned companies, make efforts to increase profit and our own investments, the Minister said.

As there have been some negative comments about the banks lately, the Minister said the banks have to invest as much as the state, and thus financial consolidation will burden the banks’ profit so there will be no need for an additional tax burden on banks. Thereby, the Minister of Finance Slavko Linić concluded his presentation of plans and measures for improving competitiveness with faith that this will be achieved.

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>>> EUROPE STILL MATTERS: U.S. FIRMS SHOULD STAY THE COURSE

A NEW STUDY BY JOSEPH QUINLAN, Transatlantic Fellow at the Center For Transatlantic Relations, Johns Hopkins and the German Marshall Fund showed that despite the eurozone crisis, the region offers tremendous opportunities for U.S. businesses and remains the most profitable region in the world for corporate America. The crisis has triggered EU-wide structural reforms that will make Europe stronger, not weaker in the longer term. Meanwhile, the European Union remains the largest and wealthiest economy in the world.

“The prophesying by the pundits that the future of the world economy lies with emerging markets like China, suggests that Europe is becoming less and less relevant. Nothing could be further from the truth,” said Joseph Quinlan. He went on to say, “The report reveals that despite Europe’s economic difficulties in 2011, the region still accounted for over half – 53% – of total US foreign affiliate income last year. This was 156% larger than reported income from Asia—a figure that speaks volumes about Europe’s underlying importance to corporate America.” The European combined economy is larger than that of the U.S., while Europe’s accounts for about 30% of global personal consumption; greater than the share of the U.S. (27.7%) and more than double the BRICs combined (13.6%).

The report found many advantages to doing business in Europe. Europe accounts for 25% of global R&D expenditures and produces the largest share globally of natural science graduates – 18%; with a 17% share of engineering degrees (compared to 4% in the U.S.). Europe also comes out on top when it comes to ease of doing business. According to the World Bank, 12 European economies ranked in the top 25 most business-friendly; this is in contrast to some of the emerging markets that did not rank very highly – China 91st, Russia 120th, Brazil 126th, and India 132nd.

Additionally the countries on Europe’s periphery, notably the Middle East, Russia, Turkey and North Africa remain key sources of growth and consumption. Europe’s trading links to those countries have deepened and thickened over the past decade to the benefit of U.S. companies operating in Europe.

Foreign investment and shifting production overseas are often thought of as destroying trade or reducing U.S. profits and job losses, but in reality the opposite is true. “U.S. affiliates in Europe help create trade, not destroy it. The more profitable U.S. affiliates are in Europe, the more earnings available to the parent firm to hire and invest at home, dole out higher wages to U.S. workers and pay out dividends to U.S. shareholders. That’s win-win for both sides”, stated Quinlan.

The entire study is available for download at: www.amcham.hr/files/16/Case_for_investing_in_europe.pdf
The Two Days of the Eighth Annual International Conference on the Real Estate Market in Croatia attracted more than 500 participants and 80 speakers, from 15 countries. Through the 16 interesting panels, we tried to underline the most important topics related to the commercial real estate market, through joint discussions.

First of all, we would like to thank the Partner Country of this year’s Conference, the United Kingdom of Great Britain and Northern Ireland, the Institutional Partner, the European Bank for Reconstruction and Development and our Patrons: the American Chamber of Commerce in Croatia and Advantage Austria, the Austrian Foreign Trade Office.

The Conference started with introductory speeches from His Excellency the Ambassador of the United Kingdom of Great Britain and Northern Ireland Mr. David Slinn, Aleksandar Heina, Director for European Affairs from the Ministry of Foreign and European Affairs, Iván Vrdoljak, Minister of Construction and Physical Planning and Davor Bernardić, President of the City Assembly of the City of Zagreb.

The introductory speeches were followed by a presentation of the London Olympic Games 2012 Project Planning and Construction, given by architects Jim Heverin from Zaha Hadid Architects and Damon Lavelle from Populous. The moderator was Mihovil Nakić, a former basketball player and participant of the Olympic Games in Moscow and Los Angeles.

There was also a presentation of the development of the New Shopping & Leisure Centre in Vrbani in Zagreb, held by Jeffrey Sújar Blanco from Sonae Sierra and Igor Hrzić from Bluehouse Capital. Both of the companies, together with IKEA, were Golden Sponsors of the Conference.

The second panel, held in the Emerald Ballroom of the Regent Esplanade Hotel Zagreb, started with three presentations: Urban Regeneration of the City of Zagreb by the Reconstruction of the Municipal System, a Presentation of the Round Table of Leading Advisors, Analysts, Architects, Urban Planners, Sociologists, and Economists, and a Presentation by the Exclusive Media Partner: Jutarnji list.

These were followed by a panel on Regeneration of the Urban Centers of London and Liverpool, moderated by Vlaho Kojaković and Mark Bousfield from the European Bank for Reconstruction and Development, the Institutional Partner of the Conference.

After the opening of the conference, the presentations and the urban regeneration panel, six more panels were held in the Istanbul and Paris Suites, two by two simultaneously.

The following panels were held in the Istanbul Suite: Green Building - From Idea to Realization of a Green Building, Let’s REDiscuss: Mosaic of Views I, Let’s REDiscuss: Mosaic of Views II.

The topics discussed in the Paris Suite were: Tourism, a Presentation of the Development Phases of a Project - Different Phases, Different Issues, the Same Goal, a Presentation of Office Projects - Adjusting to Market Needs; The Newest Technical Solutions.

After the official part of the first day of the conference, the speakers, participants, representatives of the Patrons, Sponsors, Partner Country, Institutional Partner and other guests were invited to the Emerald Ballroom of the Regent Esplanade Hotel Zagreb for the Gala Reception. In the musical part of the evening all the guests could enjoy a performance by the musical diva, Natali Dizdar.

The Conference continued on Wednesday, April 18, 2012, with a presentation of Zagreb on Sava, given by Radimir Ćačić, the Principal Deputy Prime Minister of the Government of the Republic of Croatia and Minister of Economy.

There were six more panels in the Istanbul and Paris Suites. In the Istanbul Suite the following topics were discussed: Real Estate Advisors REDiscuss, Developers - Croatia goes International! Development of New Shopping Centres.

In the meantime, the panels held in the Paris Suite were: Spatial Planning - Presentation of Projects which do not Require Building Permits, Housing, Development of New Cargo and Logistic Centres - Railway, Airports and Ports.

The program of The Eighth Conference was the best program so far. It included the most renowned speakers and institutions supporting the Conference. It was the most systematic because it included over 20 specific, known and valuable projects being developed exclusively in Croatia with a total value of more than 10 billion HRK. It was the most professional because some of the top themes discussed at the Eighth Conference were Croatia entering the EU, the Olympic Games in London, Urban Regeneration and Green Building.
INDEPENDENCE DAY PICNIC

June 30, 2012 - Bundek Lake Zagreb

CAROL CASS SINGING US NATIONAL ANTHEM
AT THE TIME WHEN CROATIA will become its member, the European Union will be a completely different macroeconomic environment in comparison to any previous enlargement of its membership, particularly in relation to that of 2007. Croatia itself is undergoing its own significant economic, political and social changes that will continue long after July 1st next year. In addition, EU countries are keeping their focus on the recovery and growth of their own economies, while the biggest policy priorities of the Member States are to stabilize the already unstable Euro and continue with interventions for saving Greece, and soon Spain, Italy...

Predictions of further growth of the European economy and foreign trade in the EU compared to other world major players are not optimistic. The largest growth in foreign trade by 2020 is expected from China and India, while the U.S. and EU are falling.

The reasons for such forecasts lie largely in the continuous growth of production in these countries based on innovation, research and development (R & D), and continuous investment in the structure and profile of employees based on two main directions - the adaptation of the educational system and modern social reform seeking to rejuvenate the level of middle management. In addition, China’s economy will continue to attract more money, which at the global level is not lacking, but it is only “seeking” a safer place - a stable economy, a variety of business sectors and guaranteed growth. Unlike China, India will continue to have a smaller share of the global world economy, and one of the key reasons is - so familiar to our system and society - bureaucracy and a legal system based on the extremely poor implementation of laws.

The U.S. is expected to continue focusing on stabilizing its own economy and therefore by 2020 its share in the global economy will fall, becoming almost equal to China. In the case of the EU-15, experts predict its further decline on the global economy map and find it almost unquestionable. In general, what remains to most EU countries, including Croatia, is to find and create business opportunities within the EU borders or even within their own economies.

Almost continuously and systematically, the faltering Euro directly and adversely affects the economy of even up to now the most stable European markets, such as France, Germany, and recently for us the much closer Poland. As a result, the political and business focus of these countries will continue to be their own market, while...
the instability of the EU as a whole will continue as a trend. In this context and in the given market circumstances, the priority and focus for Croatia should be to seek answers to the question - what we can do ourselves to reform the “inside”, to provide for the systematic and sustainable recovery of our economy, to start an investment cycle, to actually create jobs, and above all – to change the attitudes of society towards their own responsibility for these processes.

As a consequence of EU accession, the best case scenario for Croatia would be a reduction of country risk, a value increase of commercial properties, an increase in sales volume and investment returns, a fall in interest rates and the banks lowering their margins on approved loans. In support of this scenario are the data on the value of investments in 2011 of cumulatively EUR 5,500 of FDI per capita, which is a significant figure even compared with the new EU members. However, this figure is primarily related to transactions in the real estate sector, the banking sector and telecommunications. There are still no major green-field investments in Croatia.

WHAT ARE THE PREREQUISITES FOR THE SUSTAINABLE DEVELOPMENT OF CROATIAN ECONOMY?

Sustainable development is based on quality systems and process optimization in the five key elements, which in the Croatian context is almost a “vicious circle”:

- The availability of money, including the sustainability of financial models and credit
- The quality of the workforce, based on a system of social values
- Technology, in the context of global markets, is today almost without transfer barriers
- Resources such as access to knowledge through a high quality education system, systematic research, promotion and more importantly - the commercialization of innovations
- Politics in the broad sense that includes, among other, legislation and law enforcement.

The diagnosis of where Croatia stands in each of these five elements so important for systemic and sustainable development is clear even without too much explanation. We can always re-use familiar slogans like “we’re still a young economy, we have good laws and enormous potential,” and believe that we have by that advertised Croatia as a new investment destination. But the brutal reality is that in the given market and political context, and as forecasts say – as will continue to be for the years to come – we will need to primarily focus on implementing drastic changes, and consequently growth – from the inside!

Talking about a healthy economy and creating sustainable development plan for the company, the basics are not drastically different. First and foremost, what is needed is a strategy that is not necessarily a document of eight hundred pages, but a guide that will give answers to simple questions such as - what do we want to achieve? (goals) and how can we achieve it? (action plan) followed by the determination of priorities, responsibilities, milestones for measuring success, making contingency plans, etc.

Croatia’s blue sea and the sun are given. What we lack is capitalization of it. What do we want to be? A tourist destination, agricultural mecca, Innovation Centre, source of high-profiled professionals... or maybe all of this? The answer to that is based on social consensus, while the realization of these goals is impossible in a four-year term.

To even start the change, we all need to believe and want to actively participate in the processes of change.

The global recession has brought new attention to standard economic and Business As Usual models. As economies struggle to recover, while the global society is aware that existing models will never function as we are used to, many are taking a closer look at the broad concept of the “Green Economy” - one that simultaneously promotes Sustainability and Economic Growth, taking in consideration the Environment, using but not abusing Local resources and above all - care about the future of the people on whom the whole system is based and for whom it exists.

The development of a sustainable and green Croatian economy, including eco-agriculture, green building, renewable energy, eco-tourism and many other market niches that complement one-another, will directly affect the competitiveness of the Croatian economy on the European and global levels. But what is more important, it will enable the growth of our economy, based on sustainable business and social concepts, create needed jobs and a better living environment.
**THE TOTAL VALUE OF CONCLUDED CONTRACTS** resulting from public tender procedures is exceptionally important in difficult market circumstances:

- total value of public tenders in 2009 amounted to HRK 40 billion (11.89% less than in 2008)
- total value of public tenders in 2010 amounted to HRK 24 billion (38.9% less than in 2009)
- according to recently available data from the Preliminary Statistical Report on Public Tenders for the Republic of Croatia, for the period January – September in 2011, the amount was HRK 18 billion.

Undoubtedly, the prevailing criteria for assessing a bid in public tenders is currently the same as it was in earlier years, which is the lowest price, in combination with the detailed specifications of products or services that are procured. This leads to a race for pricing leadership, with consequences leading to unforeseeable damage (impermissible division of the market amongst the competition to the detriment of the client).

By the client applying the lowest price criteria, the life time duration of the object of procurement, maintenance costs, and post-sales service (servicing and spare parts) are completely unjustifiably neglected. The total value that is acquired for the money is not taken into consideration. Ease and benefits of usage, and the supplier’s competence and references are neglected, including the product’s capacity and functionality, user safety, and environmental aspects.

The question is posed as to how to direct clients to apply the **BVS** – the best value selection, since the practice in the EU is clearly defined: Directive 2004/18/EC for the evaluation of offers based on the principle of BVS recommends a model based on the sum of weighted points that are assigned according to all criteria, and since January 2006, EU legislation requires that weight criteria also be included in the tender documentation.

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**IN SEARCH OF A WAY TO IMPROVE**

The ratio of selection criteria according to the number of tender calls and values of concluded contracts:

<table>
<thead>
<tr>
<th>Selection criteria</th>
<th>Number %</th>
<th>Value %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public</td>
<td>Sector</td>
</tr>
<tr>
<td>BVS</td>
<td>0.54</td>
<td>0.12</td>
</tr>
<tr>
<td>Lowest price</td>
<td>81.41</td>
<td>17.93</td>
</tr>
<tr>
<td>TOTAL</td>
<td>81.95</td>
<td>18.05</td>
</tr>
<tr>
<td>OVERALL TOTAL</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>


**BVS** (Best Value Selection) Criteria – Best value for money accounts for only 1%:
- in the total number of bids
- in the total value of concluded agreements.

Quotes and the thoughts of JOHN RUSKIN (1819-1900):
- It is unwise to pay too much, but it is worse to pay too little.
- When you pay too much, you lose a little money...that is all.
- When you pay too little you sometimes lose everything, because the thing you bought was incapable of doing the things it was bought to do. The common law of business balance prohibits paying a little and getting a lot...it cannot be done.

By the tenderer who is a manufacturer of the product may seek an amendment to the product’s technical specifications. The client may refuse such a request since he has the authority to impose conditions for the tender as he sees fit. The manufacturer or representative of the product is only left with the possibility of submitting a complaint since surely no company that is registered for conducting leasing operations will do so since it is not in its interests to weaken relations with any of its
clients. The manufacturer or representative of the XY product has only a formal right to submit a complaint to the State Commission for Auditing Public Tender Procedures (DKOM). The manufacturer or representative of the XY product can note in the complaint that the client acts with the aim of accommodating and favouring a particular manufacturer, since in the technical specifications the client has used minimum or maximum values, but exactly in the measure that satisfies only one of the product models agreed in advance. The client will be invited to make a statement regarding the complaint, where it will be deemed that he is authorised to impose conditions for public tendering as he sees fit.

More specifically, the manufacturer or representative, in the Extract from the Registry of Commercial Court, does not have a business activity registered for undertaking leasing activities, and therefore cannot submit a bid and cannot demonstrate that it has a direct legal interest. In today’s practice, there are numerous cases where the DKOM would reject such complaints, assessing that the complainee is not registered for undertaking the subject of the tender, and thereby not proving a direct legal interest in acquiring the public tender contract, and that the complainee could not have borne damages arising from a breach of subjective rights.

According to the instructions issued by DKOM, the complaint should be submitted upon disclosure of the public tender procedure which the tenderer considers is not in accordance with the provisions of the Public Procurement Act. Therefore, we hope that at this moment this would open the possibility of DKOM changing its above written stance concerning rejection of the complaint, in relation to the procurement of goods through leasing arrangements, should the complaint be submitted during the disclosure phase of the tender documentation. Attention should be given to the fact that this mainly involves smaller procurement values (high European thresholds for values that determine small and large procurement values) for which the appeal period is only five (5) days from the date of publication, in relation to the data and action arising from the tender, and within that short period an attempt should be made to integrate the technical specifications required, and often within this short period it is necessary to prepare a quality complaint, with the complete burden assumed by the complainee.

Therefore, we would like to openly pose a question: would there not be a greater transparency to implement this type of tender through two stages:

1. Procurement of the required financial resources
2. Procurement of the product XY

Naturally, this would require amendments to the Public Procurement Act.
NEW EMPLOYMENT INCENTIVES AND PAYROLL PROCEDURES

By Ana Grubešić, Wolf Theiss Rechtsanwälte GmbH - Zagreb Branch

ACCORDING TO THE STATISTICS issued by the Croatian Employment Bureau in April, the number of unemployed persons in Croatia is higher than 300,000, 60,000 of which are people younger than 24 and 140,000 of which are the long-term unemployed. On the other hand, evasion of the payment of mandatory contributions by the employers is wide-spread, which causes direct damage to the state budget and to the employees. New measures have recently been adopted in order to tackle with these issues.

EMPLOYMENT INCENTIVES

The Croatian Parliament recently adopted the Employment Incentives Act which introduces incentives for employing inexperienced or long-term unemployed workers and for engaging volunteers. The procedure for employing agricultural seasonal workers is also simplified. It is expected that employers will have a great interest in these incentives. The act is effective as of 31 May 2012.

If an employer employs a person who has no working experience in his or her profession and less than one year of total working experience, or a person who has been continuously unemployed for more than two years, the employer may be relieved of paying a portion of the social and health insurance contributions, which would result in saving approximately 13% of total salary costs, for a period of up to two years. An employer may use this exemption if it regularly pays salaries, contributions and taxes, and if it does not reduce the number of employees through business related dismissals during the period of the exemption. A failure to comply with these conditions during the term of the exemption will result in an obligation to pay all previously exempted contributions.

Any person without working experience in his or her profession and with less than one year of total working experience, under the further condition that they have a (x) college education and are under 30, or (y) high school degree in a trade and are under 26, is eligible for a volunteer training program previously only available in the public sector. Such volunteers will receive a monthly income from the Croatian Employment Agency in the amount of HRK 1,600 (approx. EUR 210). The employer would be obliged to pay monthly social insurance contributions in the amount of approximately EUR 70 but such contributions would be refunded. If the volunteer has up to one year of working experience, but not in his or her profession, the employer is obliged to pay an additional, non-refundable monthly health insurance contribution in the amount of approximately EUR 50. The employer is obliged to assign tasks to the volunteers which are related to their profession and must provide them with a mentor. Such training may last one year for college educated volunteers or two years for high school educated volunteers. In order to participate in this program an employer must regularly pay salaries, contributions and taxes in respect to its other employees and it must not reduce the number of employees through business related dismissals during the period of its participation. Training programs must be approved by the Croatian Employment Agency.

A daily work agreement for a seasonal worker in agriculture allows greater flexibility in planning working activities which are often dependent on uncertain weather conditions. A person may perform such work for up to 90 days per calendar year. Such work does not affect the official status of unemployed or retired persons.

NEW RULES FOR SALARY PAYMENTS

The Croatian Government recently put into effect the Regulation on payment of social and health insurance contributions which compels banks to supervise payment by their account holders of mandatory social and health insurance contributions and enables the Croatian Tax Authority to block the bank accounts of non-complying employers. The regulation is effective as of 1 May 2012.

The new law contemplates the Tax Authority creating and regularly updating a list of employers that do not duly deliver ID forms or have outstanding mandatory contribution payments. This list will be periodically delivered to all banks.

If a listed employer holds an account with a bank, that bank is obliged to follow a special procedure when that listed employer pays out salaries. When ordering payment of a salary, the listed employer must simultaneously order the payment of the associated mandatory contributions from the same bank account. If the listed employer does not comply, the bank must block payment of the salary and immediately notify the Tax Authority. Upon receiving such notice, the Tax Authority will order the blocking of the applicable bank account(s) with immediate effect in order to enforce payment of the contributions.

Employers that have been properly paying out their required contributions may generally continue with their current payroll practices. The regulation does not affect payment of contributions for self-employed persons and expert trainees.
The Foreign Account Tax Compliance Act ("FATCA") was enacted under the Hiring Incentives to Restore Employment ("HIRE") Act of 2010 to prevent tax evasion by US persons through foreign financial institutions. On February 8, 2012, the U.S. Treasury and the Internal Revenue Service issued proposed regulations that provide details of the provisions contained under FATCA. The regulations will significantly affect many financial institutions worldwide and in this region as well. The US Internal Revenue Service ("IRS") believe that many US citizens are evading US taxes by hiding their assets overseas through Foreign Financial Institutions ("FFIs").

FFIs are financial institutions outside the US, who hold financial instruments for investments which benefit another person. This generally includes banks, insurance companies, investment funds, like hedge funds, and some other asset managers and custodians. In order to avoid FATCA imposing 30% US withholding tax on certain payments, FFIs must comply with due diligence procedures. These procedures are designed to identify and report information on US investors who have invested in either non-US financial accounts or non-US entities, and withhold on certain investors who do not provide information. In essence FATCA determines that all financial institutions worldwide will have to pass information about US clients to the US tax authorities.

The due diligence, withholding tax and information reporting requirements pursuant to FATCA implementation are expected to significantly affect the business practices, policies and procedures, and systems of foreign financial institutions. FATCA compliance poses substantial business and operational challenges from the identification and documentation of customers, to the FFI’s on-boarding and IT systems. It will have impact on tax, legal, back-office administration, operations, and other functions in the FFI and take substantial time and resources to address. FATCA will come into force on 1 January 2013.

The governments of the US, France, Germany, Italy, Spain and the United Kingdom ("the FATCA partners") released a Joint Statement in February 2012. The Joint Statement’s purpose is to ensure better international tax compliance and faster and easier implementation of FATCA. This can be achieved by automatic exchange of information on a reciprocal basis under the existing bilateral tax treaties and by using a joint approach with regard to the supply of data to the authorities of the FATCA partner country. FFIs in the FATCA partner countries will be able to report the information required to be compliant under FATCA to their local government agencies, as opposed to the IRS directly. Other countries are expected to follow suit and seek to become FATCA partners in the near future. However, it remains to be seen whether this bilateral approach will significantly reduce the burden of FATCA compliance for FFIs or whether it may make compliance by FFIs more challenging. The IRS is expected to issue a final regulation on FATCA this summer.
THE DEEPENING SOCIO-ECONOMIC CRISIS in Europe continues to have a profound impact on Government policymaking.

With all efforts focused on ensuring even the most remote possibility of default is avoided, careful management of public finances at the local and central government level has become paramount. Given high unemployment and the social sensitivity of additional lay-offs in the public sector, all major policymaking and reform initiatives have rested on the revenue side and the prospect of expanding the tax base through the introduction of additional taxes. With this in mind, we also need to consider the costs of the grey economy and the consequent benefits of an improvement of tax monitoring and collection practice.

In light of this property taxation continues to be a controversial topic among policymakers and the public alike. While both the current and the previous governments have discussed property taxation at length, championing the expected benefits versus costs of the introduction of property taxes, actual proposals are yet to materialise. Perhaps there is a realisation that the local property market in Croatia is severely underdeveloped relative to markets where property taxation is already deeply imbedded in the local tax system. This realisation in turn causes people to believe that the market is not yet mature enough for the introduction of such potentially widespread taxation.

Indeed these two elements – market inefficiency and people’s beliefs – should be at the core of the ongoing discussions on tax reform and the introduction of property taxation.

The existent market inefficiencies only became apparent to many following the collapse of the global financial and subsequently property market. Rigid price levels, an unwillingness on behalf of sellers to adjust their price expectations and portfolio strategy in fear of recording losses on their real estate investments, the lack of property market related databases and institutions, the presence of archaic local valuation standards, and the lack of legal security over the ownership of real estate are just some of the inefficiencies which continue to be a drain on the local property market.

The impact of these on the local economy is twofold: firstly these influence the effectiveness of new policy and fiscal measures originating from within the economy aimed at minimising the possibility of another collapse in the future and ensuring long term sustainable growth, equitably distributed across the economy. Secondly, given Croatia’s fundamental dependence on inward foreign investment, the existence of such uncertainties negatively impacts investors’ confidence, as they become less willing to enter the market or expand their existing holdings. The need to rectify the inherent market inefficiencies which can be controlled from within Croatia is further exacerbated by the ongoing sovereign debt crisis in Eurozone economies, which leads to deeper caution among investors when it comes to capital allocation decisions.

The amelioration of Croatia’s fiscal balance through tax reform, which would include the introduction of property taxation, requires many of the above issues to be addressed. Even when the legal system creates the way to a meaningful reform of the tax system, a platform for the introduction of property taxation would fundamentally require that a political and societal consensus is reached before such an introduction could be implemented.

A consensus will be reached once expectations on the goals of the reform are aligned among all economic participants. Indeed, too frequently, perhaps through lack of understanding or unified educational practice, the tax system is viewed through the lenses of an accountant (i.e. only looking at the potential revenue-generating capacity of a new tax) or those of a politician (i.e. rarely looking at taxation beyond the impact it would have on the political success of the incumbent politician advocating it) or even those of a private entity (i.e. looking at the impact taxation would have on their own personal wealth purely from the perspective of tax being a new expenditure).

Taxation is too rarely viewed in light of the impact it has on incentives within an economy and how these model the actions economic participants take. Indeed tax reform can be an optimal tool to channel limited resources and ensure they are optimally distributed within an economy.

The property market (comprising residential and commercial space) in turn stores much of the capital resources within an economy and understanding its functioning is paramount to devising an optimal economic and social strategy for the government. Note that optimality within the property market, as undoubtedly in other markets as well, entails a dynamic equilibrium between resource allocation and economic participants, which alters following changes in the fundamental structure of the economy. Our ability to see, understand and adapt to these changes is crucial to the long term success and sustainable growth we have so fervently been trying to achieve.

From a resource perspective, a home is perhaps the single
largest investment people will make during their lifetime. Disappointingly, this can also often be one of the major investments a company makes as part of doing business.

The expansion of credit in the early years of the property cycle led to a virtual expansion in economic resources by facilitating the acquisition of properties and seemingly increasing their affordability to a greater consumer base. Similarly this also led to the expansion of owner occupation of commercial premises within Croatia. The latter was primarily the result of an increase in the overall stock of commercial space.

There are arguably numerous advantages to homeownership, including tax benefits (in cases when mortgage interest payments are tax deductible), the increase in the quality of life through remodelling and creating one’s optimal living space and, perhaps most importantly, the perspective of value appreciation and the resultant financing possibilities through mortgage equity withdrawals.

But as we now know (or should know!) the fast expansion of property ownership and a ballooning credit base can inherently be very dangerous. The imbalance caused by the commitment of a large proportion of resources in a single asset and the debt property brings with it, can prove to be crucial to the efficient functioning of the property market and economy in general. In addition, if it makes people less likely to move in search of work, property ownership reduces the efficiency of the labour market. On balance therefore, there is no right or wrong answer to the question of whether property ownership should be pursued or not. What is of utmost importance however, is that property is used (read: occupied) efficiently.

Homeownership and owner occupation are fundamental to achieving optimality in the allocation of resources. Optimum allocation of resources from the perspective of the property market is at the heart of the question of the “over/underuse” of property, whether that be for commercial or basic living purposes. The “underuse” of property, meaning the suboptimal occupation of space, can reduce productivity in a business environment. In the residential case, underuse can reduce living standards and lead to wider social imbalances. The “overuse” of property, meaning occupation of more space than required, be it for residential or commercial purposes, is not however as clear-cut and frequently presents a greater challenge, primarily because it is difficult to spot: how do we know when someone is overusing space?

For the reasons stated above, efficiency in property market can and must be pursued. Just like the underuse of property can be mitigated in numerous ways, including further development (i.e. production of property), through the introduction of property ownership subsidies, or through the development of property finance markets, the overuse of property can be kept in check through the taxation of property.

In Croatia property is taxed when it is transacted via the Real Estate Transfer Tax (known in some countries as Stamp Duty) and/or through Value Added Tax. These are one off taxes, levied when a property changes hands, and are based on the value of the property. In terms of periodic taxation of property, the only such tax in existence in Croatia is a flat tax on income generated from renting properties. The existing taxes on property in Croatia (Real Estate Transfer Tax and Value Added Tax to name but only two) do not limit or incentivise property market participants to “use” or “occupy” properties efficiently, and thereby efficiently manage their capital. In order for this to work, of course property tax would have to be based on the occupation of the property (i.e. paid by the owner-occupier or tenant when occupied, or landlord when vacant; as in some countries, allowances could be made to the landlord when the property is vacant or brackets set depending on the taxpayers’ income level).

Within the EU, the vast majority of countries appear to have some system of property taxation, although the property taxation systems vary significantly, most notably depending on whether the taxpayer is the occupant or the owner of the property. In addition, a key difference among EU countries is the tax base used for the calculation of the property tax burden. This may be set by the tax authority or valuation office. Generally, property taxes in the EU-27 range between 0.1% and 3% of the property’s value.

The existence of some form of property tax in most European countries begs the question why Croatia still has no explicit, periodic property tax. Some industrial bodies may be lobbying against the introduction of such a tax in light of the potential influence it could have on the profits of their members. Politicians on the other hand are afraid of the impact it could have on the socially sensitive sector and in turn on their own re-election prospects. Many real estate practitioners and economists argue that the introduction of new taxes is a controversy in itself, especially in an excessively taxed country such as Croatia. They also warn against underestimating the many difficulties which need to be addressed before tax reform is viable: increasing the transparency of the tax authority, the efficiency and accountability of the legal system (regulating property ownership records) and dealing with the many administrative requirements and related costs necessary for the new tax system, including, but not limited to – defining the tax base, the taxpayer and any applicable allowances.

We believe that these (as well as many others) issues are precisely the reasons that support the introduction of an occupational property tax, as it would result in these problems being addressed.

If value based property tax becomes a local governmental revenue, it would lead to a more efficient and accountable local authority, which would then have a direct interest in pursuing policies to improve the standard of living within their jurisdiction.

Ultimately, if set up to include the taxation of unutilised land (uncultivated agricultural land or undeveloped building land) and thereby ensuring the end law is constitutional – it could lead to the improvement of the development and agricultural markets respectively. The case for introducing periodic value based property taxation is precisely to try and regulate the use of property with a view to increasing the overall efficiency of the economy and ensuring resources are more optimally allocated. By taxing property periodically, say each year, on the basis of “he who uses more pays more” would lead to a careful consideration of property as a production input for businesses, and a basic necessity for households.

While we support the introduction of periodic, value based, property taxation, we believe that this must occur gradually and only as part of wider tax reforms, which would result in a more favourable, business and personal income tax system.
A TIME OF ECONOMIC CRISIS is a time in which the toughest survive. It requires even more creativity and adaptability from all levels in organization, but with fewer resources. That is why it is more important than ever to enhance communication and pay attention to employees so that they will still trust you and be committed to help you get through the crisis.

HONESTY
The first rule, which seems obvious, but is often overseen, is to be honest with your employees. Sometimes managers think that is better not to talk to employees about tough topics such as layoffs, budget cuts etc., but they are wrong. People in your organization are aware that times are hard and they can see unemployment rising, companies going bankrupt, and the government raising taxes and reducing benefits. This creates a climate of uncertainty and anxiety about how it will affect them. That is why they need honest information so they can prepare and take an active role in trying to get through such hard times. So, if your sales are dropping and you see that it will mean reducing benefits and layoffs, you need to prepare a communication strategy and inform employees. That does not mean just saying “There will be layoffs” and that is it. It needs to be prepared to give people all the relevant information: what the situation is, what it means for employees, why it is important to do it in that way, when, how and who will conduct those measures, how long this state will last etc. People will certainly be displeased, but they will trust you more if you are honest and will be better prepared and more acceptant of unpopular measures.

TRANSPARENCY AND LEADING BY EXAMPLE
Connected to honesty is transparency, or being clear about the criteria for actions that will be taken. In times when there are possible cuts, whether they are benefits, salaries or personnel, people are even more sensitive to fairness. That is why it is important to send the message that you appreciate your employees and that you are treating them equally and fairly. It means that the managers will take their share of cuts, as well as the operatives. That also means that you will clearly communicate the criteria for layoffs and base it on performance or other relevant criteria. If you do not explain the logic beneath actions, people do not know what to expect and what will be next and they will spend time speculating and being anxious instead of doing their job.

COMMUNICATING VISION
Creating and communicating vision is important at any time, but even more in difficult times. Firstly, the top management needs to create a plan about how to get through the crisis, and then communicate it to employees. As mentioned before, people are uncertain during an economic crisis but they are able to handle it and accept the consequences if they see that the measures make sense and will help them and the company get through. The worst thing is to randomly reduce costs without explaining why you are doing it and how long it will last. It creates distrust and will result in the company losing their best employees first, because they are probably the ones who can most easily find new jobs. Management needs to show that they are able to get the company through the crisis and the employees will consequently follow and offer support.

INCLUDING EMPLOYEES
Although the management is responsible for leading the company and making important decisions, employees are the ones who are in touch with day to day activities and they have more insight into the possibilities of cutting costs. There are excellent examples of employees giving ideas on how to change some process that have resulted in large savings. Also, if it is necessary to cut benefits, it is very important to consult employees about what they are willing to give up first. Maybe they are more willing to give up 5% of their salary than a free meal and travel costs or ready to give up yearly bonuses in order to save colleagues from being laid off. So, if you are managers, explain the situation to your employees and ask them for their suggestions, maybe create a program for collecting and rewarding innovation, and consult with them when you have suggestions for cuts.

Implementing these rules is not easy and it does not guarantee that there will not be any outbursts or unsatisfied people in your organization, but there will be much less. The most important thing for any leader is to create trust and vision so that people will follow him. This is only possible with honesty, example, vision and appreciation of the people you wish to lead.
WE ALL MUST PLAY OUR PART in conserving and protecting our precious resources for future generations, as there is only one Earth. Companies should make a contribution by acting responsibly and by being conscious of how their operations impact the environment. This would ensure the sustainability of our businesses in the years to come and, of course, it is the right thing to do.

More and more people are talking about corporate sustainability, but many do not understand exactly what it means. Corporate sustainability is a business approach that creates long-term shareholder value by managing risks deriving from economic, environmental and social development and embracing opportunities. It is a business approach that creates consumer and employee value by not only creating a greener strategy aimed towards the natural environment, but also taking into consideration every dimension of how a business operates in the social, cultural, and economic environment. One of the most quoted and well known definitions on sustainability is the UN definition, which says of sustainable development: “Meeting the needs of the present without compromising the ability of future generations to meet their own needs”. Pretty simple and to the point.

Businesses of all sizes and various industries are feeling increased pressure lately from employees, customers, and the market to act in an environmentally responsible way and to develop an effective corporate sustainability strategy, whose benefits can be significant. One of the biggest benefits of corporate sustainability for the businesses is an improved brand image. When companies go through this process they end up saving money. There are also cost savings to be realized from things such as using less electricity, and sustainability can give a company an advantage in a very competitive marketplace. Finally, as workers gain pride from working for a company that is doing the right thing for the environment, increased employee satisfaction is also a benefit.

A key factor that a business needs to focus on when approaching sustainability is top management commitment. It can be very difficult to push the initiative throughout the organization and to get employees to buy-in without that commitment from the top. After that, employee buy-in is crucial. A company that is willing to implement the corporate sustainability concept should find the right leader for the initiative, who must put together a sustainability team. They should be driven and passionate people that can pursue the opportunities. Without that passion and drive all the effort is likely to fail. Sustainability should flow throughout the organization and not be separated into an individual division. The company’s goal should be to completely integrate sustainability issues into its core business structures and processes.

The easiest way for companies to start implementation is to start small and take baby steps that will reap small successes, which will bring encouragement to continue their efforts. For example, a huge worldwide manufacturing company started its sustainability initiative by examining its product design and discovered how much waste it actually had in the process. By reducing that waste, it was able to realize cost savings, but it was also an environmentally good thing because a great deal less material ended up in the landfill.

Businesses looking to implement a sustainability program for the first time can face a number of challenges: determining priorities, setting goals, measuring results etc. A company can begin the sustainability process on its own or it can consider outside help. It can be quite difficult to identify issues from inside the company, so it might be a good idea to have someone from outside the company come in and help the company develop a strategy. An outside firm can help assess and respond to the risks and opportunities integral to achieving strategic business objectives. So by consulting with a professional firm, a company can take full advantage of sustainability opportunities to help the environment, improve its image and improve the bottom line.

The concept of sustainability has been around for a long time, but it is only in the last couple of years that people are realizing more and more that sustainability is becoming the key to future business success.
If you observe the most successful companies in the world, you’ll easily notice one of their common characteristics: they’re all very good at localization. This is the basic action that enables companies to be successful in repackaging their products and services for foreign markets, while preserving their instantly recognizable branding. Localization isn’t a novelty exercise in this day and age. It’s a business necessity. To succeed in the global marketplace, you need to speak to your customers as they speak to each other. If you need your message to be seen, understood and accepted in as many languages as possible this is where the art of creative translation or Transcreation comes into play.

Transcreation is much more than standard translation

Ad copy and Marketing text are the most common areas where Transcreation is employed to deliver meaning and message, since word for word translation without cultural or social context can often lead to misinterpretation, or at worst, embarrassment. You can’t simply reproduce your ad copy or marketing word-for-word in a foreign language and expect the same outcome. Many companies have tried, with disastrous and sometimes amusing results.

Transcreation combines the science of translation with the art of interpretation. It’s about preserving the intended meaning of your message across vastly different linguistic and cultural environments. Transcreation reaches far beyond standard translation services, creatively adapting your communications to achieve the same effect in multiple languages.

Where to begin with foreign language marketing?

At the beginning your company faces some important questions before it embarks on a marketing venture abroad. How much of your campaign do you intend to translate? How many channels will you be targeting, e.g. web, print, TV, radio? Which investments are likely to bring the greatest returns in a society very different from your own? Answering these questions will be difficult, but getting them wrong can turn your campaign into an expensive misadventure.

Emphasize the purpose of the text

So when should you consider Transcreation? The simple answer is; anywhere you’ve employed a creative copy writer to convey a concept or to motivate your audience to action. Transcreation is the only way to preserve the creative investment you make in your original text and ensure that localized versions are both culturally sensitive and relevant to your target audience. As a client, you have to emphasize the purpose of the text to your LSP in order to succeed. Ignoring Transcreation is one of the biggest risks you can take in a foreign market. A failed translation campaign is a waste of money. At worst, you’re faced with a PR catastrophe that does irreparable damage to your brand. Some of the world’s top companies have lost billions in market share as a result of translations gone horribly wrong. Investing in professional Transcreation services protects your company from the nightmare scenario.

What are the benefits?

Transcreation services are perfect if you want to send targeted, informative copy to people around the world quickly. Perhaps you’ve had particular success in an advertising campaign and are keen to expand this into different countries.

The engagement of language experts is essential here. In order to deliver the best results all of creative translation projects should be performed by translators with native knowledge of both source and target culture and supervised by managers experienced in creative translation and dedicated to the excellent customer service.

When American fast food giant Kentucky Fried Chicken opened their first restaurant in Beijing in 1987, they accidentally translated KFC’s famous slogan, “Finger-lickin’ good” to “We’ll Eat Your Fingers Off!” in Chinese.

Both Clairol and the Irish alcoholic drink Irish Mist did not properly consider the German language when they launched their products there. Clairol’s hair-curling iron “Mist Stick” and the drink “Irish Mist” both flopped - why? ‘Mist’ translates in German as “manure”. Fancy a glass of Irish manure?

When Pepsi started marketing its products in China they translated their slogan, “Pepsi Brings You Back to Life” pretty literally. The slogan in Chinese really meant, “Pepsi Brings Your Ancestors Back from the Grave.”

When Parker Pen marketed a ballpoint pen in Mexico, its ads were supposed to have read, “It won’t leak in your pocket and embarrass you.” Instead, the company thought that the word “embarazar” (to impregnate) meant to embarrass, so the ad read: “It won’t leak in your pocket and make you pregnant.”
ADVERTISE IN AMCHAM “NEWS & VIEWS” MAGAZINE

221 x 271 mm format with bleed
90 x 240 mm 190 x 115 mm 90 x 115 mm 190 x 60 mm

1/1 page format without bleed: 215 x 265 mm

5,000 kn
1/2 2,800 kn 1/2 1,870 kn
1/4 1,870 kn

inner cover - 7,000 kn
back cover - 8,500 kn

• VAT not included
• Sponsored article - same pricing as advertising
• Non-members pricing – base price + 50%
• Special additional discounts for members

Printing preparation
Prepared ads can be delivered on CD or by e-mail. Ads should be in TIFF (300 dpi) or EPS format, in 1:1 ratio - according to above dimensions, in CMYK color model, fonts converted to curves.

WEBSITE ADVERTISING

www.amcham.hr

• 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 1,500 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
• Special offer until the end of 2012: 3 announcements for the price of 2
• E-bulletin sponsor – your logo published in every E-bulletin in the period of one month (4 issues) – 2,000,00 kn + VAT

For reservations and any additional info, please contact: Ms. Ivana Karavidović (events@amcham.hr).
If you embark on a tour of America’s West Coast, you will see your dreams come true. Get to know Los Angeles, the “City of Angels” and get a tan on one of the endless beaches, spend time in the company of Hollywood stars – find out how movies are made. Why not have a wild night out in the pleasurable and dazzling Las Vegas? Your will enrich your trip with a cable car ride in the romantic San Francisco and a tasting of fine wines from the famous Napa Valley.

SAN FRANCISCO
The city which brings together modern and Victorian architecture in an interesting way is now one of the favorite tourist destinations because of the way it brings together the old and the new. One moment you can enjoy the view from a modern skyscraper, and the next you can jump on a romantic old cable car and enjoy the ride. Nicknamed Frisco, the city has a number of famous sites – the Golden Gate Bridge, the island of Alcatraz with the infamous prison, and cable cars which work hard on transporting passengers from one part of the city to another. The city is situated upon hilltops, so a walk will often improve your fitness as you go up or down the streets. The city owes its development to the 19th century Gold Rush, when people from all over America raced to the area in the search for gold. That is also when the multicultural environment began to emerge, and today China Town and the Italian North Beach are the biggest such districts where people from a certain nation live together in ageographical area. Union Square is the most famous tourist district with hotels and shopping malls, Golden Gate Park is the biggest park which stretches from city center to the Pacific Ocean, and is a veritable botanical oasis, full of assorted plants and trees from all over the world. The oldest city park is the Buena Vista, built in 1867. Bike lanes are also a special feature, as more and more people choose this form of transportation, so 100 kilometers of new bike lanes were constructed, used regularly by around 40 thousand people.

LAS VEGAS
Known as the “gambling city”, Las Vegas is situated in the middle of the Mojave Desert, in the west of North American continent, in the U.S. state of Nevada. This city lives off entertainment and for entertainment 24 hours a day, and it’s always ready to welcome a lot of people in its many hotels and casinos. The city itself has a population of about one million people who mainly work in the service trade so that Sin City, as they call it, could function perfectly. It all began in 1931 when the state of Nevada legalized gambling, and Las Vegas Boulevard was created. In the early days, the American mafia controlled “business operations” in Las Vegas, but companies which took over control were founded in
the sixties. Everything is glamorous and dazzling in Las Vegas, and everything seems a little “over-the-top”. You can take a sort of a trip around the world in its hotels: a walking tour offers you an opportunity to see Paris, New York, Venice, Egypt, and you can also witness pirate battles on an island, since all the hotels are predominantly decorated to a specific style (for instance, like the Egyptian pyramids). Although gambling is the main attraction and direction, Las Vegas also offers quieter, family entertainment, so you can enjoy some of the theme parks (Circus Adventure Dome, Sea World, Wild Animal Park Escondido), wander around the huge shopping malls or play golf at one of the golf courses. If you don’t have time to go shopping during the day, don’t worry – the malls are open until late at night. Some of the special malls are The Desert Passage, built to look like a desert, The Fashion Show Mall, which is an ideal place for shopaholics, or The Boulevard Mall. Wedding chapels are also a special attraction, so tourists often get married in Las Vegas, and many of them begin their trip to Las Vegas with that intention. All in all, a stay at Las Vegas is always glamorous and Hollywood-style, and once you get to know it, you will realize why bon vivants like Frank Sinatra and Elvis Presley liked to visit Las Vegas so often.

LOS ANGELES

The first settlement in the area which is now the City of Los Angeles was founded by Indian tribes over 9000 years ago. The Spanish arrived in the 18th century, colonizing the settlements and making them a part of Mexico. That was the first written record of Los Angeles, a town with a population of 2000. The city began developing very quickly, and during the 20th century, it became a city of dreams, with Hollywood as the center of the international film industry, which made it more attractive and interesting. Beverly Hills, the famous Los Angeles district where the rich and famous live, Santa Monica or Rodeo Drive, the oases for people who like shopping or browsing the windows of expensive designer stores have become American icons and motifs in numerous movies or musical hits. And there is also Disneyland, a huge amusement park where both children and adults alike can have fun. Going out in the evening is something else – you can enjoy yourself in a number of clubs, and there is a possibility you might meet some of the celebrities. Don’t forget that walks on the endless sandy beaches are an excellent choice after wild nights out in Los Angeles.

Los Angeles

GRAPH EXPO 2012

October 7-12, 2012
Chicago

GRAPH EXPO 2012 is a world-class event in the largest print market in the world that reaches far beyond traditional commercial printing by featuring ‘live’ running applications of the latest new technologies. Here, attendees will see and explore everything from wide format printing, to converting and packaging printing, to advanced trans-promo and trans-educational applications, to revolutionary mailing equipment—and a host of other innovations. More than 400 exhibitors will fill McCormick Place South with the year’s global premiere of the latest new presses, innovations in related equipment, unique new applications and new product introductions. GRAPH EXPO 2012 will also welcome 40 co-located conferences, user-groups, meetings, receptions and events - providing show goers from every market segment an expanded array of education and networking opportunities.

Product categories to be demonstrated on the GRAPH EXPO 2012 show floor will include equipment, products, supplies and services related to:
- Art preparation and design
- Composition
- Computer and electronic publishing
- Computer/direct to plate
- Digital electronic color prepress
- Digital, offset and hybrid printers
- Copiers color and monochrome
- Presses and reproduction software and workflow
- Computer hardware & software
- Post press & finishing
- Paper converting and packaging
- Paper and paper handling
- Ink and toner
- Plant equipment
- Services to the trade
- Mailing equipment

Detailed information about GRAPH EXPO 2012, including exhibitor information, technical papers, conference sessions, hotels and a marketing Fact Sheet can be found at: www.graphexpo.com

At the same time, this is the opportunity to visit Chicago, one of the world’s premier tourist destinations. Chicago - the thriving commercial and financial “windy city” is spiked with gorgeous architecture and set with cultural and recreational gems, including the Art Institute, Millennium Park, 250 theater companies, and 31 mi of shoreline. Three million residents live within city limits. Spectacular lights brighten buildings along Michigan Avenue after dark. See more: www.choosechicago.com

If you are interested in attending the GRAPH-EXPO 2012, please contact the Commercial Service in the American Embassy Zagreb: Office.Zagreb@trade.gov or phone: 01 6612 149
NEW ALLIANZ FACILITIES FOR DAMAGED VEHICLE ASSESSMENT

With its relocation to the new offices in Zagreb, Heinzelova Street 70, Allianz now offers its clients new facilities for filing accident reports and assessment of damage to motor vehicles. The new facilities extend to over 500 m² and offer 30 parking spaces for damage assessment.

Thanks to cooperation with 8 service partners, Allianz customers now have the right to a free replacement vehicle while their vehicle is being repaired.

Within the facilities, Allianz clients can use the unique car window repair services of Carglass.

QATAR AIRWAYS LAUNCH OF ITS 30TH EUROPEAN DESTINATION WITH DAILY SCHEDULED FLIGHTS TO ZAGREB

A traditional water salute at Zagreb Airport marked the arrival of Flight QR947 from Doha. The new route, operated via Budapest, also represents the first passenger flight to Croatia from the Gulf region.

Qatar Airways Chief Executive Officer Akbar Al Baker travelled on the inaugural service from Zagreb Airport. Addressing guests at the ceremony, Al Baker said he was delighted to celebrate Qatar Airways’ long-awaited arrival into Croatia. “Our new daily air link between my home city of Doha and Zagreb is further testament to Qatar Airways’ commitment to expanding our presence in Europe,” he said.

“Croatia, with its flourishing tourism industry, remains a popular destination for travellers from the Middle East, Asia Pacific and beyond. With our new service, we look forward to making it easier for travellers from around the world to fly to Croatia without having to connect through busy European hubs,” added Mr. Al Baker.

Zagreb Airport General Manager Tonči Peović added: „We are happy and proud that Zagreb today became part of the network of destinations of Qatar Airways. Qatar Airways is one of the leading airlines in the world, a welcome partner to every airport, and we see their arrival as confirmation that our airport is on the right course of development. Establishing this transport link, along with the opening of the new Croatian embassy in Doha, will provide a platform for improved economic and tourism cooperation between the two regions and two cities“.

IGBS ZAGREB STUDENTS CAN NOW OBTAIN A DUAL DEGREE FROM A TOP 20 U.S. BUSINESS SCHOOL

On May 23, 2012, in The Regent Esplanade hotel, International Graduate Business School Zagreb and its partner Kelley School of Business, Indiana University, signed a Memorandum of Understand-

HBOR PROMOTES NEW INVESTMENTS THROUGH NEW FORMS OF LENDING

MR. KOVAČEV, MINISTER LINIĆ AND MINISTER MARAS
Zagreb, 4 June 2012 – For the purpose of strengthening entrepreneurial capacities, maintaining and improving liquidity, HBOR has introduced, in co-operation with the Government of the Republic of Croatia, the Croatian National Bank and commercial banks, a new loan program for financing the development of the economy. The Program is primarily aiming to finance working capital of enterprises facing difficulties due to objective reasons resulting from the financial and economic crisis, that are at least 25% privately owned and generate at least 10% of revenues from international markets. The purpose of the loans is to settle liabilities towards creditors, whereas up to 30% of the loan may be used for settling debts towards financial institutions.

Risk sharing will be implemented in co-operation with commercial banks via existing HBOR loan programs. In the case of small and medium-sized enterprises, HBOR will provide financing and assume the risk for up to 40% of the total loan amount against a guarantee provided by HAMAG Invest, amounting to 80% of the loan principal. The commercial bank will provide financing and assume the risk for up to 60% of the total loan amount against customary banking security instruments. The new form of funding is intended for entrepreneurs utilizing new investments to contribute to increasing employment, growth of exports, added value and strengthening competitiveness in domestic and international markets in the following industries: agriculture, the manufacturing industry, tourism and industries related to projects for renewable energy resources and energy efficiency.

Risk sharing for large investment projects will also be carried out in co-operation with commercial banks via existing loan programs. In the case of large investments, HBOR will provide financing and assume the risk for up to 50% of the total loan, and the commercial bank will provide financing and assume the risk for at least 50% of the total loan. Within the framework of this model, the interest for the total loan will be the weighted average interest rate on HBOR’s direct loan and commercial bank’s loan. Besides new investment cases, HBOR will also assume 50% of risk against a guarantee provided by HAMAG Invest in the case of the Loan Program for Financing Manufacturing. By means of risk sharing, HBOR intends to encourage commercial banks to increase lending to the real economy and thus start the investment cycle, which is a prerequisite for economic recovery.

ARTISTIC PHOTOGRAPHS OF THE CROATIAN PARALYMPIC TEAM PRESENTED

With the campaign “The Sporting Spirit Knows no Boundaries” and the presentation of photographs of the Croatian paralympic team, Coca-Cola Croatia and the Croatian Paralympic Committee are seeking to remind us of the past achievements of Croatian paralympic athletes and to join the support of the Croatian Paralympic Committee on the occasion of the Paralympic Games in London.

The Croatian Paralympic Committee and Coca-Cola are linked by years of cooperation and joint values such as optimism, the continuous pursuit of excellence and the promotion of lasting values. “With their success, Croatia’s paralympic athletes inspire us time and again. They prove that the sporting spirit does not know any boundaries and that despite the difficulties we face, continuous effort and investment in oneself can lead to great success”, said Igor Ćutuk, public affairs supervisor at Coca-Cola HBC Croatia.

The artistic photographs were presented to the Croatian Paralympic Committee for permanent use, at a ceremony held in Split, marking the 100-day countdown to the Paralympic Games, which was organized by the Embassy of the United Kingdom of Great Britain and Northern Ireland in the Republic of Croatia. The photographs were received by the president of the Croatian Paralympic Committee (HPO), Ratko Kovačić, in the presence of David Slinn, the ambassador of the United Kingdom of Great Britain and Northern Ireland to the Republic of Croatia.

“Croatian athletes with disabilities have won more than 2,000 medals at various international competitions over the past ten years. I believe that they will delight us once again in London, and I hope that we will manage to get additional public support with these photographs and the accompanying campaign”, said Ratko Kovačić.

The artistic photographs of this year’s paralympic team were shot by Ivana Vukić. During the 12 days of the Paralympic Games, 4,200 athletes will compete in 20 paralympic sports. Croatia will be represented in London in five paralympic sports: athletics, swimming, table tennis, archery and cycling.

PRESTIGIOUS AWARDS TO THE REGENT ESPERANADE ZAGREB HOTEL

The Regent Esplanade Zagreb Hotel has recently received two prestigious awards: the ‘TripAdvisor 2012 Certificate of Excellence’ and the Great Rail Journeys Gold Food Award 2011, both by the choice and reviews of guests who stayed in the hotel. TripAdvisor, the largest travel web site for reviewing tourism service quality, on the basis of guests’ reviews, awarded the Regent Espla-

“The Regent Esplanade has held the top position in the city of Zagreb for years on the TripAdvisor web site, which makes us very proud. This award is true recognition of our excellence in providing a supreme service to our guests and it is a great achievement indeed, as the award is based on the reviews of guests”, said Ivica Krizmanić, Acting General Manager of the hotel.

Regent Esplanade Zagreb recently received one more award. The representative of a renowned British tourism agency, Great Rail Journeys, presented the hotel’s acting General Manager, Ivica Krizmanić with the prestigious Gold Food Award 2011. Great Rail Journeys is the leading British tourism agency which organizes travel by train, founded 30 years ago. It brings travellers to Zagreb and Croatia primarily from Great Britain, but also from other parts of the world. The company is specialized in organization of individual trips by train in more than 40 countries around the world. Each year, Great Rail Journeys awards golden, silver and bronze awards to the partners and hotels whose services were recognized by their clients.

In the series of awards, it is worth mentioning that earlier this year the Regent Esplanade was included on the Gold List of the most prestigious world travel magazine, Condé Nast Traveler, as the only hotel in Croatia.

Avon, world’s leading direct sales cosmetics company, marks 15 years of business activity in Croatia. Established in the Croatian market in 1997, Avon Kozmetika Company today has 37 employees, was awarded the Employer Partner certificate several times over the years, and had been included in the Superbrands publication in 2008.

It is a company rich in heritage and tradition, founded on firm values and principles tracing back to the establishment of Avon in USA more than 125 years ago. Avon Croatia celebrates its 15th birthday as part of one of the most successful European regions, the Danube region.

As one of the secrets to success, Avon emphasizes the importance of understanding the buyers’ needs as well as seizing every opportunity to improve the mutual relationship. Therefore in the situation of struggling economy Avon Croatia has decided to offer its products at more affordable prices, so the most popular items, marked by the „low price” visual, are recently available at up to 20 percent lower prices.

Avon Kozmetika Company is also involved in fighting the breast cancer and violence against women with an aim of improving and saving women’s lives. Avon began its humanitarian work in 2006 by including pink ribbon products in their brochures, and in 2008 the company introduced special products with eternity symbol to support fighting the violence against women. The company has organized numerous humanitarian actions, such as three editions of My First Mammography that ensured free mobile mammography examination for more than 1,800 women in Croatia. Furthermore, AVON Walk for Life was organized in order to raise awareness about the importance of regular examination, and gathering funds for the Autonomous Women’s House Zagreb, which resulted in a donation of 100,000 kuna. Support was also given to other local nongovernmental organizations, like the donation of 50,000 kuna to the Brod Association and their shelter for women in 2011.

Hilton Imperial Dubrovnik was the host of a unique series of events showcasing careers in hospitality. From Monday 16th April 2012, Hilton Worldwide hosted Careers@HiltonLive, a week-long initiative designed to offer practical tips and advice and allow passionate job seekers and those interested in the hospitality industry the opportunity to go behind-the-scenes at its hotels to find out more. People of all ages and backgrounds visited Hilton Imperial Dubrovnik and got involved in this exclusive opportunity to discover career options at Hilton Worldwide.

Didier Martin, area vice president, Eastern Europe, Hilton Worldwide, said, “Careers@HiltonLive is a great opportunity for anyone interested in a hospitality career to meet our teams on the ground in our hotels and to receive practical advice and tips for their next career move. It’s an exciting industry and a great time to join Hilton Worldwide as we are experiencing significant growth and offer a wide variety of rewarding career options - from hotel general manager through to cocktail mixologist.”

For information on job vacancies with Hilton Worldwide visit www.hiltonworldwide.com/careers or contact Hilton Imperial Dubrovnik, at Dubrovnik_Rekrutment@hilton.com. Additional information is also available through social media www.facebook.com/hiltoncareers and http://www.facebook.com/hiltonimperialdubrovnik.
HUMAN RESOURCE DEVELOPMENT - NEW PROGRAM AT ACMT / RIT
American College of Management and Technology (RIT/ACMT) has expanded its Master of Science program offer, with the new Human Resource Development (HRD) program, that will be delivered by Rochester Institute of Technology RIT, at the Zagreb campus starting with the 2012/2013 academic year. The HRD program combines business economy with the advanced knowledge in human resource development.

Program is created for individuals in the area of human resources, who would like to acquire new skills; for managers who want to motivate their employees to actualize their potentials and for individuals who wish to realize their careers in the area of human resources. Interested candidates must hold a bachelor degree (or an equivalent 4 year degree). This graduate program consists of 12 courses conducted over a 21 month period.

RIT/ACMT masters degree programs can be completed while maintaining full-time employment status with courses offered: in the evenings and on weekends; in classrooms, online and through intensive seminars. All classes are in English and all of the professors come from Rochester Institute of Technology, New York.

This specialized program prepares students for most challenging positions of influencing the human assets of an organization in order to positively impact organizational outcomes. Upon completion of this program, graduates will earn an internationally recognized diploma Master of Science in Human Resource Development awarded by RIT. Rochester Institute of Technology has been offering this masters degree for more than 25 years.

For more information: www.acmt.hr/human-resource-development/

EVERYBODY CAN BE A LEADER: WEBSTERLEADS – LEADERSHIP CERTIFICATE PROGRAM
Webster …Learn …Evolve …Apply ...Develop ...Serve ...
LEADS
In today’s real world, learning about leadership is more important than ever before. Webster University Vienna wants its students to receive the tools necessary to succeed in our global society. As a result of this Webster is now offering the new leadership certificate program WebsterLEADS for their students. The concept of the program is to develop and enhance various different sets of skills, methodologies and ideas that will help transform the students into global citizens and leaders. Through a collaborative process between students, staff, faculty, and the communities where we live and serve, Webster University Vienna prepares its students with the knowledge, education and development to assume leadership on campus, in society and in the global workforce.

The core components of the program include: Leadership Classes - Leadership Retreats - Professional Development Workshops - Service Learning Project - Practical Leadership Experience. For more information, please visit www.webster.ac.at

NEW MANAGING PARTNER FOR DELOITTE
As of 1 June 2012, Rick Olcott was appointed Managing Partner for Deloitte in the Adriatic Region (Bosnia, Croatia & Slovenia). Rick is a senior Deloitte Partner with 30 years of experience, including over 20 years of experience in Central Europe. Prior to moving to Croatia, he was based in Warsaw, Budapest, Bucharest and New York. He has held a variety of leadership positions in Deloitte throughout his career and served clients throughout Central and Eastern Europe.

Rick advises clients in a variety of industries with a focus on financial institutions. His key areas of expertise include operations improvement, financial management & transformation, mergers & acquisitions and change management.

Rick qualified as a Certified Public Accountant in New York State and has an M.B.A. in finance and accounting from New York University and a B.A. in International Relations & Political Science from Colgate University.

Rick has been based in Zagreb since 2009 with his wife, Bojana Korbar Olcott, a Croatian national.

ELVIS PRESLEY MUSEUM COMING SOON TO SPLIT
Croatia’s summer offering is one global attraction richer – the only exhibition of Elvis Presley’s memorabilia entitled Now It Starts – Elvis’ Alive!, which the Atlas travel agency is bringing to Split during the high tourist season. The exhibition was launched in Memphis and is touring the world, and so far it has delighted Elvis’ fans in large European cities. By seeing over 100 precious items from July 1 to August 31 visitors will be able to learn more about Elvis’ life and the people around him. The story of his life and the extraordinary and fascinating Graceland estate in Memphis will be told through objects which influenced his life – his legendary luxurious Cadillac with the 14-carat gold key, the legendary guitar he played on his comeback tour in 1968, the police badge with 32 diamonds and pearls, exclusive photographs from the Graceland estate, the famous karate uniform, the microphone from Sun Records studios from 1954... Apart from seeing the exhibited items, visitors will also be able to enjoy exclusive movies offered by the Elvis Kino Theater on the upper floor of the exhibition area. The event coincides with the 35th anniversary of his death when celebrations and related events will be held around the world in his honour. In order for visitors to better remember Split and this exhibition, they will be able to take with them some of the attractive souvenirs from the Graceland gift shop. Another fascinating piece of information is the fact that the value of items exhibited by the Elvis Presley Museum is estimated at EUR 2.97m.
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