

Magazine of the American Chamber of Commerce in Croatia

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NEWS & VIEWS



TISKANICA

• *Conference Digital Croatia 2030*

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4 CHAMBER NEWS REPORT

- 10 Policy Overview
 - 18 Seeking Employment in the United States?
 - 19 European Data Protection Board Guidelines on GDPR's Territorial Scope
 - 20 Mobbing in Legislation and in Practice
 - 21 Human Resources and AI
 - 24 Impact Investing
 - 26 DAC6: New Tax Disclosure Rules That Are Already Knocking on Our Door
 - 28 Legal Effects of the ECJ Decision on Croatian Legislation
 - 29 When Will Croatia Introduce the Euro?
 - 30 Development of 5G Network in Croatia
 - 31 Genesis and Human Challenges in the Era of the 4th Industrial Revolution
 - 32 Cyber and Physical Convergence Is Creating New Attack Opportunities for Cybercriminals
 - 33 The Psychology of UX Design
 - 34 We Have a General Idea, but What Does the Future Really Have in Store?
 - 35 What Are Innovations and How Can You Take Part in the Competitive Business Environment?
- #### NEWS & INFO
- 35 New Members
 - 38 Members News
 - 42 Member-to-Member Discounts

Dear Members and Friends,

AmCham traditionally conducts a survey on the business climate in Croatia. The results of the 2019 survey are quite optimistic, unlike the usual sentiment that encompasses focusing on business climate downsides and missed opportunities. This year, the respondents have also shown satisfaction with solid business results. The survey was conducted between December 19, 2018, and February 6, 2019, on a sample of 130 board chairs or members of AmCham member companies. In focus were business results achieved in the past year, business environment, institutional impact, comparison with other Central and Eastern European countries, and a few topics regarding European Union membership. Among respondents, 72% of member companies achieved better business results in 2018 as compared to the previous year, meaning a 7% improvement from our 2018 survey. At the same time, in 2018, 60% of companies had new recruitments. With regard to the conditions of doing business in Croatia, 38% of respondents rated them as good or very good, 53% as average, and 9% as poor.



The improvements refer to conditions of financing, demand for goods and services, and trade opportunities. The respondents have also confirmed the progress regarding the tax disburdening of labor. Deteriorated conditions refer to shortcoming of workforce, implementation of laws and legal procedures, quality of legislature, and judiciary. Among respondents, 51% said that judiciary had a negative impact on their business. Although public administration received low grades, with 76% of respondents finding its impact on business as being negative or neutral, this actually means an improvement of 10% as compared to the previous year, when this percentage amounted to 86%.

The current dynamic of change is insufficient. Still ahead for Croatia are the, until now several times postponed, structural changes which cause resistance and are all but simple. Most Central and Eastern European countries have already implemented them or are in the process of doing so. This certainly gives them a head start, and if Croatia wants to compete shoulder to shoulder for investments and jobs, they will have to be implemented quickly. Only such changes offer an opportunity for global competitiveness, which is hardly considerable knowing that our institutions are weak and inefficient, as evidenced by the ratings of the World Economic Forum or the World Bank's Doing Business. Public administration must be made quick and efficient, processes digitalized, and public employees rewarded or penalized depending on the results of their work. Judiciary is good if it acts timely and reliably. All our members also have the opportunity to get involved in our efforts for change directly through their participation in the work of AmCham's committees.

Sincerely,

Andrea Doko Jelušić, Executive Director

IMPRESSUM

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Executive Lunch

»» COMPARATIVE ADVANTAGES OF CROATIA FOR ATTRACTING FOREIGN DIRECT INVESTMENTS IN COMPARISON WITH CEE COUNTRIES

March 12

On March 12, 2019, AmCham organized an Executive Lunch on the topic “Comparative Advantages of Croatia for Attracting Foreign Direct Investments in Comparison with CEE Countries”.

The introductory speech was given by Mr. Tomislav Čorak, Principal, The Boston Consulting Group, who introduced the attendees with some of the key elements that investors take into account when investing. These include a positive business environment, availability of work force, good-quality and stable legislative framework, and good-quality infrastructure.

H.E. W. Robert Kohorst, Ambassador, Embassy of the United States of America, Mr. Zdenko Lucić, State Secretary, Ministry of Economy, Entrepreneurship and Crafts, Mr. John Gašparac, Country Managing Partner, PwC Croatia, Ms. Ruža Tomić Fontana, General Manager, Coca-Cola HBC Hrvatska, and Mr. Bojan Poljičak, Director, Adcubum, participated in the panel discussion.

The panelists agreed that it is important to promote Croatia as an investment destination. International perception of Croatia as a safe country and a tourist destination with prime athletes is very positive. However, Croatia is not sufficiently recognized as an investment destination and it is necessary to invest further efforts in this direction.

State Secretary Zdenko Lucić said: “The Ministry of Economy, Entrepreneurship and Crafts will continue with activities to promote Croatia as a business and investment destination, and our focus will certainly be on attracting investments in the ICT, automobile industry, and equipment and machine production sectors, because we see the most opportunities in these areas”, highlighting

that with the goal of additionally improving the business environment, the Government has, at its last meeting, nominated a working group to work on creating even better conditions for doing business in Croatia. Mr. John Gašparac, Country Managing Partner, PwC Croatia, highlighted the following: “Obstacles for investments do exist, and they mostly relate to risk assessment and the perception of Croatia as an investment destination. Corruption as well as property and land ownership have been, I would say, among the more important issues for potential investors lately, regardless of whether we are talking about “green field” investments or takeovers. Investors want to have security and predictability of laws and doing business. They want to know if what is written in the laws today, especially tax laws, will remain the same in the future. There are obstacles, but we need to highlight the good stories because there are many of them.”

The event was attended by over 90 representatives of the business community, public authorities, and the media.

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Member Seminar

»» TAX NEWS IN 2019 March 7

AmCham was pleased to organize a Member Seminar on Tax News in 2019, held by our member Crowe. Changes coming into force in 2019 were frequently presented in the Croatian media over the past few weeks. However, many important changes went unnoticed. Mr. Krešimir Lipovščak, Partner at Crowe, presented the changes in relation to the payment of interest, dividend, and services. He also discussed the new rules on taxation of vouchers, reverse charge, related parties, and tax-free payments. Krešimir presented the new rules on binding opinions and statute of limitations. Furthermore, he touched on the new rights of students engaged to work by companies, as well as other novel topics.

>> AMCHAM TALENTS 2019

March 2019 – November 2019



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AmCham is pleased to announce the 7th generation of AmCham Talents, which started in March. The program was initiated in 2013 with the goal of developing leadership skills in promising young business professionals.

Young professionals recognized as high-potential employees within their companies are usually given opportunities for post-graduate education and training, but lack practical experience and opportunity to develop their soft skills by learning directly from leaders in different industries. This program hopes to bridge this gap and contribute to the personal and career development of such employees through a series of interactive sessions led by prominent leaders and networking opportunities with their peers. So far more than 400 young talents have participated in the program and gained valuable knowledge from around 60 distinguished speakers.

The AmCham Talents 2019 program will feature 10 events and the competition for AmCham Talent of the Year, where participants collect points for various aspects such as attendance, team paper, and individual paper. The best three candidates will hold a speech and participate in the panel discussion at the final event.

PROGRAM

March 21

Opening event – Speed Networking

April 4

Mr. Joško Mrndže

Country Manager Adriatics, Google

DIGITAL TRANSFORMATION AND CULTURE

April 11

Mr. Tomislav Car

CEO, Infinum

HOW TO RECOGNIZE OPPORTUNITIES IN THE CHANGING TECHNOLOGICAL ENVIRONMENT

May 23

Mr. Mario Žižek

President of the Board, Addiko Bank

THE ROLE OF EMPLOYEES IN AN AGILE COMPANY



June 6

Ms. Rina Musić

Managing Director Croatia and Slovenia, Merck Sharp & Dohme

THE ROLE OF MENTOR IN DEVELOPMENT OF EMPLOYEES

July 2

Ms. Helle M. Petersen

CEO, Carlsberg Croatia

CSR – COMPANY'S RESPONSIBILITY TOWARD SOCIETY

September

Mr. Ante Mandić, Member of the Board, IN2 and **Ms. Katarina**

Šiber Makar, President of the Board, IN2

THE BEST MOMENT TO SELL/AQUIRE A COMPANY

October

Mr. Darinko Bago

Chairman of the Management Board, Končar - Elektroindustrija

CROATIAN COMPANY ON THE GLOBAL MARKET

November

Ms. Anita Letica

General Manager Croatia, Philip Morris

TRANSFORMATION OF INDUSTRY

November

Final event – selection of the AmCham Talent of the Year and certificate ceremony

Power Breakfast

» SUSTAINABILITY OF THE HEALTHCARE SYSTEM IN CROATIA March 19

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abbvie

The keynote speech at the event was given by prof. Milan Kujundžić, MD, PhD, Minister of Health. In his speech, the Minister briefly reflected on the efforts and accomplishments of the Government and the Ministry of Health in ensuring sustainability of the healthcare system in Croatia, plans for the upcoming period, and the biggest challenges that the system is facing. Among other projects, the Minister mentioned the National Children's Hospital in Zagreb, the national program against cancer and the national program for early detection of lung cancer, a project for modernizing the emergency system and training of medical teams, and the project for the organization and establishment of a helicopter service to be financed by EU funds. In his speech, he also commented on Croatia's success in withdrawing EU funds for the health system in general, stressing that the country is at the top of the list for this issue among EU Member States. The Minister also touched on the topic of expensive medicines, stressing that "the Minister should not make a decision on who will get any particular medicine", but that it should take into account the opinions of the medical profession and emphasized that securing the funds that will provide Croatian citizens with access to state-of-the-art innovations in the pharmaceutical field is a constant challenge for the health system and the Ministry.

After the keynote speech, we held a panel discussion on the topic of

healthcare system sustainability, with participants:

Željko Plazonić, MD, State Secretary, Ministry of Health

Ljubiša Mitof-Višurski, General Manager Adria Region & Croatia, AbbVie

Ana Bobinac, PhD, Faculty of Economics, University of Rijeka

Marijan Kralj, Board Member, Croatia osiguranje

Moderator: Jelka Drašković, Director, Public Policy and Patient Engagement Central Eastern Europe and Balkan, Merck, Sharp & Dohme

The panelists agreed that it is important to know the good practices of other countries and systems, such as those of the Dutch, but that we should at the same time not copy, but rather adjust the existing good practice to the needs of the Croatian system.



AmCham Supported Event

» INFOBIP WINS CROATIA'S EY ENTREPRENEUR OF THE YEAR 2018 AWARD

Silvio Kutić, Izabel Jelenić and Roberto Kutić, founders and owners of Infobip d.o.o., won the fifth Croatia's EY Entrepreneur of the Year (EOY) title on an award ceremony held in Lauba in Zagreb on the evening of 28 March. They were selected from among the record number of candidates – 50 entrepreneurs from 35 companies.

Founded in 2006 in Vodnjan, Infobip employs more than 1,500 people globally and operates through 61 offices on 6 continents. Only in 2018, 4.7 billion people, i.e. two thirds of the world population used their services. Their success story is built on their main product, cloud communications platform and services that can reach nearly seven billion users and things in more than 190 countries, enabling flawless mobile communication between business entities and their users - on every channel and device, in any part of the world. The ability to quickly adapt to local market conditions and willingness to take risks to provide the best possible service, became their trademark.

The winners were selected among the following finalists: Jadranka Boban Pejić of Biovega, Tomislav Car, Nikola Kapraljević, Matej Špoler and Josip Biščan of Infinum, Tomislav Knezović of Prostorija, Jako Andabak of Sunce koncern and Alen Magdić of Multinorm, who was also a finalist in the last year's program.

The finalists and the fifth EOY award winner, who will represent Croatia

in June in Monaco and compete for the EY World Entrepreneur of the Year title, were chosen by an independent judging panel. The judging panel was comprised of President and CEO of Atlantic Grupa Emil Tedeschi (chairman), investors and entrepreneurs Nenad Bakić and Saša Cvetojević, and previous EOY winners Alan Sumina, Đuro Horvat, Marko Pipunić and Mate Rimac.

The program has been supported by Raiffeisenbank Austria acting as general sponsor, Tele2 as silver sponsor, Interkapital Group, PPD Croatia, Wiener osiguranje Vienna Insurance Group and Vina Belje as sponsors, and American Chamber of Commerce in Croatia, Croatian Employers' Association and HAMAG-BICRO as partners.



Boardroom Discussions

>> DIGITAL TRANSFORMATION FROM CEO PERSPECTIVE December 2018 – June 2019

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poslovna
inteligencija
Poslovna means Business

Microsoft

Digital transformation will soon underline every strategic decision and become a prerequisite for the further growth and development of every company. While the topic encompasses a number of business areas, senior managers facing this challenge lack examples to learn from. With the series of Boardroom Discussions focused on companies' digital agendas, we are hoping to bridge this gap. The Boardroom Discussions program is targeting CEOs, Board Members, and General Managers of AmCham member companies interested in hearing about digital transformation trends and operational steps from IT leaders and top management consulting companies, as well as peers from different industries. The Discussions will tackle strategic issues business leaders cur-

rently face, including challenges, dilemmas, and different approaches related to digital transformation. Digital transformation requires strong leadership to drive change and the vision about which parts of the company you want to transform. AmCham designed this program to best accommodate small groups and

enable open and interactive discussions. The main characteristic of these events is, as the name suggests, lively discussion and exchange of experiences on the selected topic, following the initial presentation of an expert speaker.

At the end of every generation of the "Boardroom Discussions: Digital Transformation from CEO Perspective" program, AmCham plans to organize a business delegation to the USA for the Management Board Members of AmCham member companies to see digital transformation at its source. When driving your own project, it is always useful to look at how other companies have approached the challenge. We shall offer a closer look at some of the most exciting and successful transformation processes across various industries.



>>> **MR. MUTAVDŽIĆ**

PROGRAM

December 13, 2018
ARTIFICIAL INTELLIGENCE IN DAILY USAGE
Damir Zec, Country Leader, IBM Croatia

January 31
CROATIA-EMERGING DIGITAL CHALLENGER
Tomislav Brezinščak
Managing Partner Croatia and Serbia, McKinsey & Company

February 27
VIRTUAL REALITY AND AUGMENTED REALITY: NEW BUSINESS OPPORTUNITIES
Ratko Mutavdžić, Public Sector Director Cloud Services, CEE region, Microsoft

March 20
DIGITAL TRANSFORMATION AND CULTURE
Joško Mrndže, Country Manager Adriatics, Google



>>> **MR. MRNDŽE**



>>> **MR. BREZINŠČAK**

April 2
BECOMING DATA DRIVEN COMPANY
Dražen Oreščanin, President of the Board,
Poslovna Inteligencija

May 21
WHAT'S MISSING IN YOUR DIGITAL TRANSFORMATION PLAN?
Tomislav Tucibat
Regional Accounts Manager, Adriatics, Fortinet

June 5
Igor Grdić,
Country Manager Central Southern Europe, Vertiv

CORPORATE VITALITY
Tomislav Čorak, Principal, The Boston Consulting Group

Business Delegation to the USA, May 2019

AmcCham Supported Project

» RESULTS OF THE BORANKA CAMPAIGN IN 2018



INTRODUCTION

The project of reforesting burned areas in Dalmatia named “Boranka”, organized by the Scout Association of Croatia with the support of Croatian Forests LTD, Croatian Mountain Rescue Service (HGSS), and Imago agency, is the largest voluntary reforestation activity ever organized in Croatia. The project aimed to revitalize burned areas with new forests while also raising public awareness about the importance of forests, nature preservation, and volunteering. The Boranka campaign gathered a great number of partners, sponsors, and patrons, including the American Chamber of Commerce in Croatia. With their help, the campaign soon received large visibility and popularity throughout all of Croatia and even beyond its borders. The entire campaign branched off in 3 directions – promotional campaign, reforestation actions, and education.

PROMOTIONAL CAMPAIGN

In order to promote the Boranka campaign in public, a whole set of promotional materials and tools were created. The main creative “tool” of the campaign was the so-called ‘Boralica’ – a crayon made from the ashes of pine trees burned in wildfires in the Dalmatia region. 115,000 Boralica crayons were sponsored and produced by the Karbon Company. The crayons were distributed throughout Croatia with the printed edition of 24Sata newspapers.

By using Boralica crayons, citizens were able to draw their own tree, take a photo of it and upload it to a virtual forest – a web application specially designed for the campaign (www.boranka.hr). For every virtual tree planted, Boranka volunteers would plant a real one in the burned area. This way, thousands of people were able to participate in the campaign, and just as the number of drawn trees grew, so did the number of new trees planted across Dalmatia. Many other promotional materials were used in the campaign, such as Boranka coloring books, flyers, posters, billboards, etc.

A very important part of the campaign promotion happened online. On the initiative’s official campaign pages on Facebook and Instagram, the Boranka online team published 173 posts which generated more than 1,100,000 total reach. The Boranka production team made 38 videos about the campaign, material that was used for campaign promotion and educational purposes.

Many famous Croatian athletes and singers became Boranka Ambassadors, thereby also helping to promote the campaign.

REFORESTATION ACTIONS

In total, 9 reforestation actions were organized in burned areas near Split and Solin in autumn 2018. More than 2,500 volunteers from all regions of Croatia and abroad participated. Most of the volunteers were

Scouts, followed by students, war veterans, hunters, mountaineers, members of different NGOs, sport clubs, Red Cross volunteers, fire fighters, and so on. More than 300 employees from sponsoring companies also joined the reforestation actions.

The reforestation actions were personally supported by the Croatian Prime Minister and several Ministers and Members of Parliament, the Governor of Split-Dalmatia County, the Mayor of Solin, the Deputy Mayor of Split, and the Canadian Ambassador. Each of them planted their own trees.

In total, more than 25,000 new trees were planted – both conifer and deciduous trees. Assistance in the field was provided by experts from Croatian Forests Ltd and members of the Croatian Mountain Rescue Service (HGSS), the Red Cross, and firefighter departments. Technical and material support for the reforestation actions was provided by the City of Split, City of Solin, Split-Dalmatia County, and the National Rescue and Protection Directorate (DUZS).

EDUCATION

As part of the campaign, educational activities in kindergartens and schools in many parts of Croatia were held. Students from elementary schools in Split and Solin participated in educational workshops where they learned about forest and environment protection, fire prevention, and climate change. The workshops were held by experts from Scouts, the Croatian Mountain Rescue Service, the National Protection and Rescue Directorate, and Croatian Forests Ltd. Additionally, more than 30 kindergartens and schools from all over Croatia organized different educational activities using Boranka educational and promotional materials. It is estimated that more than 5,000 children and youth participated in educational activities within the Boranka campaign.

MEDIA PRESENCE

The Boranka campaign received excellent media coverage. More than 300 media publications covering the campaign were published in 2018, including numerous articles in printed and online media, TV and radio reports, special editions in magazines, etc. The campaign also caught the attention of foreign media. Boranka won the first place prize at the International Media Trends Festival “SEMPL” in Slovenia for the best experiential campaign in 2018. It also won a prize for the best non-profit campaign in Croatia at the Impact 2019 Conference in Belgrade.

CONCLUSION

The results of the Boranka campaign have been presented at the Croatian Parliament. The conclusion of all campaign partners is that Boranka will continue into 2019.

>>> CONFERENCE DIGITAL CROATIA 2030

March 26



On March 26, 2019, the American Chamber of Commerce in Croatia held a conference on the topic of digitalization in Croatia, with an emphasis on the creation of a national strategy and the digitalization of public administration. AmCham has given imperative support to efforts towards the advancement of digitalization in Croatia and this conference served as a platform for the exchange of experiences and latest developments in the realm of digitalization between representatives of various public administration bodies and the business community.



>>> **MINISTER KUŠČEVIĆ**



>>> **MINISTER HORVAT**

Minister Darko Horvat mentioned in his speech the Government's intensified efforts for the preparation of strategic documents in the domain of digitalization, with emphasis placed on digital transformation of the economy and on artificial intelligence application strategy, which would create prerequisites for better absorption of EU funds for the financial period 2021–2027. Minister Lovro Kušćević underlined that the Government has recognized the importance of digitalization and aims to make public administration a 24/7 service, accessible to the general public and entrepreneurs, through a number of ongoing and forecasted projects. The largest project entails the establishment of a

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Shared Services Center, whose value is HRK 362 million, of which 85% are EU grants.

The participants in the panel discussion titled “Digitalization Strategy” were Mario Antonić, State Secretary, the Ministry of Economy, Entrepreneurship and Crafts, Liam Benham, Vice President for Government & Regulatory Affairs, IBM Europe, Tauno Olju, Partner, EY, and Mladen Pejković, Senior Executive Director for Transformation, Information and Communication Technologies, Atlantic Group.

Croatia has the ability to rise to the position of a digital champion, but this requires a visionary approach and a coherent strategy from the Government. A central coordination body, such as a ministry of digitalization, would be a significant factor for success. Other important factors include fostering early adoption of innovations, considering internet access as a human right, openness and cooperation between public and private sectors – as underlined by Liam Benham.

The participants of the second panel discussion on the topic of “Digital Transformation of Public Administration” were Zrinka Bulić, Minister’s Assistant, the Ministry of Public Administration, Roman Biller, Regional Director SIE, Oracle, and Tatjana Skoko, Director, Microsoft. The countries of Central and Eastern Europe have recently recorded a significant inflow of investments for the research and development of information and communication technologies. At the same time, central public institutions in charge of digitalization matters have been granted invariable or diminishing budgets for their endeavors, as concluded by Roman Biller.

Faster implementation of digitalization requires a developed regulatory framework, accessible broadband network, more EU funds for high-yielding industries such as ICT, investments in education and development of digital skills, and further alleviation of tax burdens with a focus on alleviating the fiscal burden imposed on salaries, added Tatjana Skoko.

The event was attended by more than 100 representatives of the business community and public administration bodies.



AMCHAM CONTINUES COOPERATION WITH THE MINISTRY OF PUBLIC ADMINISTRATION ON CARD PAYMENTS, JANUARY 14

Ms. Andrea Doko Jelušić, AmCham's Executive Director, met with Zrinka Bulić, Assistant Minister, Ministry of Public Administration.

After successful cooperation during the previous year, representatives of the Ministry of Administration and AmCham met to discuss the introduction of card payments in offices under the authority of the Ministry of Public Administration, current activities, as well as plans for the upcoming period. The supporting infrastructure for the introduction of card payments is for the most part in place. POS devices have been set up in 170 offices under the Ministry. This represents approximately 80% of the planned coverage. Card payments should be fully functional in June, although they are officially scheduled for September.

Ms. Doko Jelušić presented AmCham's position paper 'State of Play of Digitization in Croatia and Development of Artificial Intelligence' and emphasized the need for management of digitization through a single state body that would have clearly defined authorities and budget. The body should be responsible for supporting the development of revolutionary technologies such as artificial intelligence, as well as the development of digitization in Croatian public bodies and society. In order to avoid the sectoral and institutional fragmenta-

value of related savings is 1.6 billion kuna. The input of business representatives are of great importance for the Ministry in their efforts to further unburden the Croatian economy. Further cooperation between AmCham and the Ministry was agreed on the issues of administrative unburdening.

AMCHAM REPRESENTATIVES MEET WITH OECD DELEGATION, JANUARY 18



report

POLICY OVERVIEW

tion of the digitization process, all related initiatives and projects need to be monitored and guided through the said body. The Croatian presidency of the Council of the European Union in 2020 is a great opportunity for the state. AmCham believes that by naming digitization as a priority of its presidency, Croatia can contribute to strengthening its own economy in the upcoming period.

MEETING ON THE ISSUE OF ADMINISTRATIVE UNBURDENING, JANUARY 17

Representatives of the Ministry of Economy, Entrepreneurship and Crafts - Ms. Jasminka Barić, Head of Independent Business Environment Improving Service and Ms. Anita Čapić, Head of Analytical and Methodological Support Department, presented the Action Plan for Administrative Unburdening of Economy 2019 to AmCham representatives.

The Action Plan is comprised of 314 measures that aim to cut over 600 million kuna in areas of great interest for businesses, including environment protection, energy, judiciary, contributions, taxes, and excises. From the plan for 2019, 25 measures have already been implemented. Out of the Action Plans for Administrative Unburdening for 2017 and 2018, 180 measures were implemented. The estimated

AmCham representatives met with a delegation of the Organization for Economic Co-operation and Development. Mr. Andrea Goldstien, Mr. Frederic Wehrle, and Ms. Coralie Martin discussed the business environment in Croatia, investment climate, and priority areas for reform with AmCham representatives. AmCham identified lack of suitable workforce as the key issue in the upcoming period. The Croatian economy is seeing a mild growth followed by an increase in employment, increased production, and expansion of business capacities. Optimism and plans for growth coming from business community representatives can be seriously jeopardized by the lack of human potential that can bring about these changes.

MEETING WITH STATE SECRETARY OF THE MRRFEU, JANUARY 21

Ms. Andrea Doko Jelušić, AmCham's Executive Director, and Mr. Dražen Malbašić, Policy Officer, met with Ms. Spomenka Đurić, State Secretary in the Ministry of Regional Development and EU Funds.

In the meeting, AmCham presented the position paper "State of Play of Digitization in Croatia and Development of Artificial Intelligence", which highlights the importance of digitalization for the ad-

vancement and prosperity of Croatian citizens and the economy. The paper accentuates that Croatia needs to more strongly contribute to the shaping of the European Union budget for the financial period 2021–2027, and to make more funds available for investing in artificial intelligence, digitalization, and other advanced technologies.

The position paper “Recommendations for the Development of Medical Tourism in Croatia” was also presented at the meeting. In Croatia, tourism holds the largest share in GDP, with 19%, and is also the most promising branch of the economy. At the same time, health tourism as a type of tourism employs 10,000 people and annually generates only about EUR 300 million in revenues from health services, which makes for less than 3% of total revenues from tourism in Croatia. AmCham believes that, taking all the positive aspects of this branch of tourism into account, it is necessary to invest more effort into positioning Croatia as an internationally recognizable destination for health tourism, and specifically for medical tourism, as one of its subtypes.

Ms. Đurić welcomed AmCham’s initiatives, and pointed out that digitalization and artificial intelligence have an important position in the EU budget for the upcoming financial period. Also, it is necessary to more strongly link tourism, healthcare, and economy with EU funds to find mechanisms to more strongly support medical tourism in Croatia.

MEETING OF REPRESENTATIVES OF BILATERAL CHAMBERS WITH THE MINISTER OF ECONOMY, JANUARY 21

Representatives of the Bilateral Chambers’ initiative presented their recommendations for improvement of the business environment to Mr. Darko Horvat, Minister of Economy, Entrepreneurship and Crafts. Mr. Zdenko Lucić, State Secretary in the aforementioned Ministry, and Ms. Božica Lapić also attended the meeting.

Following their joint initiatives for improvement of the business environment in 2013 and 2016, the six chambers conducted business environment satisfaction surveys in the period from October 2017 – May 2018 on a sample of 473 member companies.

The document “Business Environment Improvement Initiative – Proposed by Bilateral Chambers of Commerce in Croatia” identified three recommendations that would significantly improve the overall business environment in Croatia:

- improving the public service system,
- reducing tax burden on labor,
- linking the education system with labor market needs.

Initiative members include: the American Chamber of Commerce in Croatia, the Association of Italian Entrepreneurs in Croatia, the Austrian Trade Commission, the Canadian-Croatian Business Network, the German-Croatian Chamber of Industry and Commerce, and the Nordic Chamber of Commerce in Croatia.

MEETING WITH MR. DARKO HORVAT, MINISTER OF ECONOMY, JANUARY 22

Andrea Doko Jelušić, Executive Director, Berislav Horvat, President, and Dražen Malbašić, Policy Officer, met with Darko Horvat, Minister of Economy, Entrepreneurship and Crafts, and Mario Antonić, State Secretary.

Topics at the meeting included issues covered by three of

AmCham’s position papers: “State of Play of Digitization in Croatia and Development of Artificial Intelligence”, “Recommendations for the Development of Medical Tourism in Croatia”, and “Recommendations for Increasing the Efficiency of the Court Register”.

The digitalization of public institutions and the economy is an opportunity for Croatia. AmCham believes that the most efficient way to digitalize Croatian society would be through a single state body with a clearly defined authority and budget.

Tourism has the largest share in the Croatian GDP and represents the most promising branch of the economy. The share of health tourism in the overall share of tourism activities is modest. Measures should be undertaken to position Croatia at an international level as a desirable destination for health and medical tourism.

The court register system in Croatia, despite legislative changes and adjustments made so far, still does not work optimally in terms of speed and efficiency. Some of the difficulties include complex procedures for registration and the liquidation of companies, failure to comply with deadlines, inconsistencies between practices of court registers and officers, and finally, a disconnect within the system in practice. AmCham has issued a number of suggestions for improvement of the court register system in its position paper.

MEETING WITH REPRESENTATIVES OF THE CROATIAN NATIONAL TOURIST BOARD, JANUARY 23

Andrea Doko Jelušić, Executive Director, Ognjan Bagatin, Member of the Tourism Task Force, and Dražen Malbašić, Policy Officer, met with Ms. Slavija Jačan Obratov, Director of the Sector for Tourist Board Systems and Product Development, and Ms. Darija Totdlić, Acting Head of the Department for Product Development, at the Croatian National Tourist Board.

The topic of the meeting was AmCham’s position paper “Recommendations for the Development of Medical Tourism in Croatia”.

The share of revenues generated from medical tourism within overall revenues from tourism generated in Croatia is rather modest, despite the great potential it has. Mr. Bagatin pointed out that individual health institutions positioned themselves very well at the international level as institutions that provide top-notch service at affordable prices, as compared to Western countries. However, additional efforts are needed to better position Croatia as a destination



that offers quality medical services provided by top professionals at competitive prices.

Ms. Jačan Obratov is acquainted with the advantages and potential that lie in health or medical tourism. Funds that are being allocated for the promotion of medical tourism are increasing, but also remain relatively modest. All agreed with the recommendation to encourage the international accreditation of health institutions, as this could be a powerful tool for the promotion of medical tourism in Croatia.

MEETING WITH MR. DOMAGOJ IVAN MILOŠEVIĆ, CROATIAN PARLIAMENT, JANUARY 23

AmCham representatives met with Mr. Domagoj Ivan Milošević, Chairperson of the European Affairs Committee, in the Croatian Parliament. The topic of the meeting was the Croatian presidency of the Council of the EU in 2020, with an emphasis on the economic priorities of the presidency. AmCham considers that the issues of digitalization and artificial intelligence should be the focus of the presidency.

Mr. Milošević gave his support to the advocacy efforts AmCham is undertaking to contribute to a better business environment in Croatia. The conclusion of the meeting was that economic priorities during the Croatian presidency should be for the benefit of the EU, but also for the benefit of Croatia as the preceding Member State, and that they should surely include digitalization and AI.

MEETING WITH MS. BRANKA JURIČEV-MARTINČEV, CROATIAN PARLIAMENT, JANUARY 23

AmCham representatives met with Ms. Branka Juričev-Martinčev, Chairperson of the Committee on Regional Development and European Union Funds, in the Croatian Parliament.

Business representatives, according to AmCham's Business Environment Survey conducted in 2018, assess membership in the European Union as positive. One of the main reasons is the availability of funds offered by the Union. AmCham believes it is necessary to plan and ensure funds that would be directly available for companies from the EU's multiannual financial framework for the period 2021-2027.

At the meeting, AmCham presented two position papers proposing for better use of EU funds for the digitization of Croatian society (companies and public administration) and medical tourism. Chairperson Juričev-Martinčev welcomed AmCham's efforts on the issue of increasing opportunities for EU funds for businesses, calling for further cooperation on the issue.

MEETING WITH REPRESENTATIVES OF THE TAX ADMINISTRATION, JANUARY 23

AmCham representatives met with representatives of the Tax Administration, including Mr. Božidar Kutleša, Assistant Minister and Director. The topic of the meeting was AmCham's position paper "Recommendations for Sustainability of Healthcare System Financing".

The goal of every healthcare financing system is to ensure equal availability of quality healthcare services to users with efficient, responsible, and transparent use of available resources. Accomplishing this goal requires a synergy of stakeholders beyond those in the healthcare system itself, and this has also been recognized by the Tax Administration.

AmCham's recommendations served as the basis for discussion on the possible ways to address open questions regarding healthcare system financing, with the aim of ensuring sustainability and enhancing the quality of services available to end users.

MEETING WITH THE CROATIAN HEALTH INSURANCE FUND, JANUARY 24

AmCham representatives, including Mr. Ljubiša Mitof-Višurski, First Vice-President of the Board of Governors, Ms. Karmen Klemente Maletić, Chair of the Healthcare Committee, and Ms. Jelka Drašković, Member of the Healthcare Committee, met with Fund representatives including Ms. Veronika Laušin, Deputy Director, and Assistants to the Director Ms. Martina Furlan, Ms. Višnja Gašpar, Mr. Hrvoje Jezidžić, Mr. Marijan Kovačić, Ms. Tea Strbad, and Mr. Hrvoje Šušković.

The topic of the meeting was AmCham's position paper "Recommendations for Sustainability of Healthcare System Financing". Following the presentation of the document by AmCham representatives, a constructive discussion was initiated on the identification of the financing system's shortcomings, as well as ways in which it could be improved. The representatives of the Fund welcomed future cooperation with AmCham on healthcare-related issues.

MEETING WITH MR. MILAN KUJUNDŽIĆ, MINISTER OF HEALTH, JANUARY 28



Ms. Andrea Doko Jelušić, Executive Director, Ms. Rina Musić, AmCham Board Member, Ms. Karmen Klemente Maletić, Chair of the Healthcare Committee, and Ms. Barbara Kolarić, Policy Officer, presented AmCham's position paper "Recommendations for Sustainability of Healthcare System Financing" to the Minister and members of his core Cabinet, including State Secretaries Mr. Željko Plazonić and Mr. Tomislav Dulibić.

A quality and well-organized system of healthcare financing is a prerequisite for sustainable functioning of the healthcare system. AmCham's specific recommendations are directed towards increasing revenues as well as rationalization of funding of compulsory health insurance.

These recommendations served as a basis for discussion and exchange of ideas between representatives of AmCham and the Ministry, on ways of improving efficiency of healthcare system financing in Croatia.

MEETING OF REPRESENTATIVES OF BILATERAL CHAMBERS WITH KATICA PRPIĆ, STATE SECRETARY, JANUARY 29

Representatives of the Bilateral Chambers' initiative met with Ms. Katica Prpić, State Secretary, at the Ministry of Public Administration. Assistant Ministers Mr. Željko Holik and Mr. Tomislav Mičetić participated in the meeting alongside Ms. Prpić. The topic of the meeting was the position paper "Business Environment Improvement Initiative – Proposed by Bilateral Chambers of Commerce in Croatia".

Representatives of the Chambers consider that administrative burdens are hindering the development of the business environment and the inflow of significant investments. Public administration should provide support to businesses, enabling them to focus on their core activities by providing timely and predictable services, and should be kept accountable. Adequate sanctions should be introduced for inefficiencies in carrying out legally prescribed duties by public servants, as well as rewards for those who exceed expectations. The Chambers also call for the digitalization of public institutions and services, which would result in faster and more transparent public services. In addition, the Chambers call for the optimization of public institutions and the scope of their responsibilities.

Representatives of the Ministry of Public Administration presented several projects currently being undertaken that are aimed at optimizing and digitalizing the work of public institutions. The Ministry is also working on identifying ways to properly evaluate the work of public servants.

Initiative members include: the American Chamber of Commerce in Croatia, the Association of Italian Entrepreneurs in Croatia, the Austrian Trade Commission, the Canadian-Croatian Business Network, the German-Croatian Chamber of Industry and Commerce, and the Nordic Chamber of Commerce in Croatia.

MEETING OF AMCHAM MEMBERS WITH MR. BERNARD GRŠIĆ, STATE SECRETARY, JANUARY 30

At the first Trade and Investment Committee meeting in 2019, AmCham hosted Mr. Bernard Gršić, State Secretary, at the Central State Office for the Development of the Digital Society.

The topic of the meeting, held on January 30, 2019, was the work of the Central State Office, as well as plans for the upcoming period.

Mr. Gršić stressed that the work of the Government in the last two years has been characterized by intensive projects aimed at integrating different systems within public administration. Currently there are around 40 ongoing projects that include:

- Shared Service Center, aimed at unifying different state services in one place through integration of different databases and registers,
- e-poslovanje (e-business), aimed at the administrative unburdening of doing business in Croatia by making services available online instead of by going to different state offices in person,

- m-poslovanje (m-business), that will enable simple and easy access to the e-građani portal through a mobile application,
- e-pristojbe (e-fees), aims to offer a simpler way of paying fees and taxes through POS devices and online, which will lead to the abolition of paper tax stamps.



One of the obstacles to the realization of the Government's projects is the shortage of IT experts working for public institutions.

The Central State Office is becoming the coordinating body in charge of monitoring, development, and oversight of all informatization projects in the country.

AmCham representatives pointed out the need to set digitalization as an economic priority during Croatia's presidency over the EU Council in 2020.

In the current EU budget (until 2020), there are limited funds for the digitalization of businesses. Funds are predominantly available for businesses in certain sectors and those conducting research and development. AmCham is advocating for defining the EU budget for the period 2021–2027 in a way that would enable funds for businesses, regardless of the sector they belong to, for purchasing equipment and services which would help increase the overall level of digitalization of all businesses in Croatia, with an emphasis on micro, small, and medium enterprises.

AmCham representatives, whose core business is not ICT, also face issues with the lack of qualified IT experts. One way of overcoming such issues is by contracting external IT experts. This approach could also be considered by public administration institutions in order to ensure successful completion of projects, despite the lack of experts internally.

MEETING WITH MS. IVANA ŽIVKOVIĆ, ASSISTANT MINISTER, MFEA, JANUARY 31

AmCham representatives met with Ms. Ivana Živković, Assistant Minister, and Ms. Marijana Vrdoljak-Domljanović, Head of Service for Economic Bilateral Cooperation of the Ministry, at the Ministry of Foreign and European Affairs.

The meeting was arranged with the intention of acquainting Ms. Živković with current AmCham initiatives related to the work of the MFEA. Ms. Andrea Doko Jelušić, Executive Director, and Policy Officers Mr. Dražen Malbašić and Ms. Barbara Kolarić presented initiatives and key recommendations derived from the knowledge and experiences of AmCham member companies.

AmCham believes that the Croatian Government needs to catch up on digitization as well as urgently engage in recent developments regarding AI. One of the more proactive steps in this direction could be setting digitalization and AI as one of its priorities for the Croatian presidency over the EU Council in 2020, which is a recommendation from AmCham's position paper "State of Play of Digitization in Croatia and Development of Artificial Intelligence".

In addition, AmCham supports the more active involvement of interested stakeholders from the economy, as well as other interested parties, in the processes of shaping Croatia's positions on initiatives and acts of the EU, since the initial stages. An open and inclusive approach would enable the creation of better national positions that would be influenced by the views, opinions, and experiences of a larger number of experts.

The position paper "Recommendations for the Development of Medical Tourism in Croatia" is directed at providing proposals for specific measures and activities which could significantly contribute to the development of medical tourism in Croatia. Although tourism is not explicitly under the jurisdiction of the MFEA, due to its large share in the country's GDP it represents an important topic for the Government and the Ministry. AmCham and Ministry representatives exchanged opinions and recommendations regarding this issue and concluded that it is necessary to strategically approach the development of medical tourism, considering Croatia's potential for the development of this branch of tourism.

MEETING WITH REPRESENTATIVES OF FINA, JANUARY 31

The topics of the meeting were AmCham's initiative to introduce card payments in public administration and the position paper "Recommendations for Increasing the Efficiency of the Court Register".

FINA representatives welcomed AmCham's card payment initiative and the progress made so far thanks to the Chamber's efforts at initiating, organizing, and coordinating the process.

According to the World Bank Doing Business report for 2018, Croatia ranked 51st out of 190 countries whose socioeconomic climate was assessed in the report, and according to the same report for 2019, it ranked 58th. In this assessment, Croatia records one of the worst results in the "Starting a Business" category. Therefore, AmCham issued a set of recommendations – with a particular emphasis on digitalization – which aim to improve the court register system.

Representatives of both institutions discussed the recommendations with the aim of exchanging opinions and finding grounds for cooperation on the issue.

The meeting ended on a positive note and both sides concluded that there is a basis for further cooperation on a large number of issues with a goal of constructive dialogue and exchange of ideas.

MEETING WITH MR. NINO RADIĆ, PRESIDENT OF THE ZAGREB COMMERCIAL COURT, FEBRUARY 1

Mr. Goran Zubak, Deputy Court President, Ms. Željka Breguš, Head of the Register Department, and Ms. Tina Jakupak, Deputy Head of the Register Department, also participated in the meeting.

AmCham representatives Ms. Andrea Doko Jelušić, Executive Director, Ms. Sandra Lisac, member of AmCham's Judicial Committee, and Ms. Barbara Kolarić, Policy Officer, presented AmCham's position paper "Recommendations for Increasing the Efficiency of the Court Register". The position paper summarizes AmCham members' experiences of dealing with the Court Register and provides recommendations for improvements.

AmCham's recommendations served as a basis for discussion. Both sides agreed that there exist areas for improvement regarding the Court Register's performance when it comes to end users, including legislative changes to more clearly proscribe and improve relevant procedures, better linking of the Court Register with other systems, and further digitalization, both of the Register's internal resources as well as of the communication channels towards entrepreneurs.

MEETING WITH REPRESENTATIVES OF THE CROATIAN INSURANCE BUREAU, FEBRUARY 5

AmCham representatives Ms. Andrea Doko Jelušić, Executive Director, and Ms. Barbara Kolarić, Policy Officer, met with representatives of the Croatian Insurance Bureau Hrvoje Pauković, Mario Bagatin, and Mr. Dean Klemente Maetić.

The meeting was organized with the aim of exchanging opinions on the current situation and challenges in the healthcare system, recommendations for improvements, and opportunities for cooperation. AmCham representatives presented the position paper "Recommendations for Sustainability of Healthcare System Financing", which served as the basis for discussion.

BILATERAL CHAMBERS WITH MINISTRY OF SCIENCE AND EDUCATION, FEBRUARY 5



Representatives of the Austrian Trade Commission, Nordic Chamber, and AmCham visited the Ministry of Science and Education and met with Minister Divjak and her team.

The Bilateral Chambers' initiative in the 2018 position paper recognized the importance of linking education system with market needs.

The dual educational program will soon enter the experimental phase. For a start, it will be focused on four occupations and even though it will reference the Austrian, German, and Swiss models, where it has been successfully practiced, it will include specifics of the local environment. The Chambers' delegation invited Mr. Vlado Prskalo, Assistant Minister, to present the new model to the business community, members of the Chambers. AmCham informed the Ministry that lack of practical work and knowledge is noticeable at the level of university graduates and that closer cooperation between the educational system and business is needed. Mr. Prskalo invited the Chambers to participate in the working groups organized within the Ministry on this topic.

MEETING WITH MR. FRANO MATUŠIĆ, STATE SECRETARY, MINISTRY OF TOURISM, FEBRUARY 7

AmCham representatives Ms. Andrea Doko Jelušić, Executive Director, Mr. Ognjen Bagatin, member of the Tourism Task Force, and Ms. Barbara Kolarić, Policy Officer, met on February 7, 2019 with Mr. Frano Matušić, State Secretary, in the Ministry of Tourism.

The topic of the meeting was AmCham's position paper "Recommendations for the Development of Medical Tourism in Croatia".

As a country with a high-quality workforce and excellence in providing healthcare services, Croatia has a strong foundation for the development of health tourism and its subtypes. Representatives of the Ministry and AmCham agreed that, in order to increase the share of health tourism in the overall income coming from tourism, it is necessary to approach its development strategically in the upcoming period.

With this in mind, the Ministry is actively working on the development of strategic documents that would enable the use of EU Structural and Investment Funds for the development of health tourism and the development of a new web platform to provide tourists with more detailed information on the tourism services that Croatia has to offer, all in one place.

State Secretary Matušić also supported the importance of AmCham's recommendation on encouraging accreditation of Croatian healthcare institutions/providers, since standardization of quality increases the potential for establishing cooperation with partners abroad and enables better branding of Croatia as a destination for health tourism, one that offers a high standard of service quality at competitive prices.

MEETING WITH REPRESENTATIVES OF THE WORLD BANK, MARCH 6

Mr. Waleed Malik and Mr. Aris Mofetas spoke to Ms. Andrea Doko Jelušić, Executive Director, and Mr. Dražen Malbašić and Ms. Barbara Kolarić, Policy Managers.

The main topic of the meeting was the state of the Croatian judiciary,

with a focus on topics of relevance for the positioning of Croatia on the Doing Business list, including the work of the court's company register and the direction of a possible reform of the justice system. In addition, AmCham representatives presented the results of the Survey of the Business Environment in Croatia.



>> POSITION PAPERS

COMMENTS ON THE DRAFT OF THE ORDINANCE ESTABLISHING THE CRITERIA FOR THE INCLUSION OF MEDICINAL PRODUCTS IN THE LIST OF MEDICINAL PRODUCTS OF THE CROATIAN HEALTH INSURANCE FUND, FEBRUARY 8

The position paper was prepared with the purpose of participating in the public consultation procedure on the draft of the "Ordinance establishing the criteria for the inclusion of medicinal products in the reimbursement list of the Croatian Health Insurance Fund as well as determining the prices of medicinal products reimbursed by the Fund and the method of reporting".

By participating in public consultation procedures, AmCham tries to actively participate in the procedure of adopting relevant acts which directly affect doing business in Croatia.

AMCHAM REPRESENTATIVES PARTICIPATE IN THE ANNUAL AMCHAM EU POLICY BRIEFING

Between March 20 and March 22, 2019, AmCham representatives Dražen Malbašić and Barbara Kolarić, Policy Managers, participated in the yearly Policy Briefing on the topic "Atlantic Drift? The EU, the US and the WTO in a New World" and the traditional Transatlantic Conference on the same topic, both organized by AmCham EU. The event gathered 35 representatives of 22 AmChams from all over Europe.

This year, the key issues were the current state of the US–EU relationship and importance of further cooperation, the current role of China on the global market, Brexit, the future of labor, EU's digital agenda for the 2019–2024 period, digital tax, and the upcoming European Parliament elections.

Speakers and panelists during the three days included Mr. Joseph Quinlan, Center for Transatlantic Relations, Johns Hopkins

University, Mr. Dan Luca, Euractiv, Mr. Doru Frantescu, VoteWatch, Ms. Tanja Rudolf, Directorate General for Communication of the European Commission, and representatives of AmCham EU member companies (IBM, Microsoft, PwC, P&G...). The briefing was concluded with a speech by Ms. Ann Mettler, Head of the European Policy Strategy Centre, the European Commission's in-house think tank.

Along with interesting speeches and panel discussions, this year's program also allowed time for exchange of experiences and best practices, as well as networking.

The annual Transatlantic Conference took place on March 21. The keynote speaker was Mr. Klaus Iohannis, President of Romania. Speeches were also delivered by Ms. Cecilia Malmström, EU Commissioner for Trade, Mr. Karl Brauner, Deputy Director-General, WTO, Mr. Joseph Quinlan, Mr. Elmar Brok, Member of the European Parliament, and many others. The main topics covered were the state of transatlantic ties and the future of the global trading system.

»» AMCHAM PRESENTS THE RESULTS OF ITS SURVEY OF THE BUSINESS ENVIRONMENT IN CROATIA **March 6**

AmCham presented the results of its Survey of the Business Environment in Croatia, which was conducted on a sample of 130 board members of domestic and international companies in Croatia, from December 19, 2018 to February 6, 2019.

The survey encompasses the following areas: business results in 2018, business environment, impact of institutions on the business environment, comparison with the region, business expectations, and access to EU funds.

Participants assessed their business results in Croatia in 2018 as better (72%) compared to the previous year, and 60% stated that the number of their employees has increased.

As the main limiting factors within the business environment (in the last 5 years), participants identified lack of adequate workforce, unstable regulatory framework, and the taxation of labor. The biggest deteriorations in the last 5 years are tied to the availability and quality of workforce, enforcement of legal rules and procedures, and the quality of legislation. The biggest improvements are visible in the financing conditions, demand for goods and services, and the possibility of trade. 76% of participants perceive the impact of government institutions on business conditions as negative or without effect, which is a 10% decrease compared to the previous year. Around 68% of AmCham member companies participating in the survey operate in other countries of Central and Eastern Europe (CEE), out of which 65% in more than five countries in the region. Only 8% of participants are of the opinion that business conditions in Croatia are better than those in other countries of Central and Eastern Europe, while 45% consider them worse than in other countries. The greatest disadvantages of Croatia compared to other countries are related to the size of the market and, in equal proportions, slow administration and a lack of a long-term government strategy. EU membership, the country's tourism potential, and geo-strategic position are cited as Croatia's biggest advantages.

For the upcoming three-year period, 81% of AmCham member companies plan to expand the scope of their business operations in Croatia, while only 2% plan a reduction. 75% of companies plan to hire new employees in the next three years, out of which 25% plan on hiring more than 20 new employees.

91% of participants believe that the introduction of the Euro would have a positive or neutral impact on doing business. Among them, there is highest interest for the possibility of applying for EU funds for ICT projects and for the building of production facilities.

Mr. Berislav Horvat, President, AmCham Board of Governors, said: "The survey results demonstrate the optimism of the business community in Croatia which has continued into this year. A positive assessment of business results in the previous year was given by 72% of participants (compared to 65% in the year before). 81% of participants plan expansion (compared to 79% in the previous year) of their business. 75% of participants plan new employment (a 4% growth compared to the previous year)."

Ms. Andrea Doko Jelušić, Executive Director, AmCham, added: "Lack of adequate workforce which was indicated as an issue in last year's survey, has this year been assessed as the biggest obstacle to doing business in Croatia, and the area in which participants have noticed the biggest deteriorations."



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SEEKING EMPLOYMENT IN THE UNITED STATES?

By the U.S. Embassy in Croatia

WORKING IN THE UNITED STATES can be a tremendously rewarding way to gain valuable new work skills, experience another culture and way of life, and meet interesting new people. There are many ways for foreign nationals to be employed in the United States. Some choose to travel to the United States for education and employment opportunities on a long-term basis, while others go for a shorter period of time. Depending on your career goals, the type of visa category and work permit you require will vary.

Your first step should be to assess your skills and work experience and then review information on types of U.S. work visas, including eligibility and requirements, to determine the appropriate visa for the type of work that you intend to do. Next, explore information on how to apply for your visa to work in the United States. Some categories of work visas require a certification from the U.S. Department of Labor to show that there are not enough American workers who are able, willing, and qualified in this work category, and to demonstrate that no American workers are displaced by foreign workers.



Some of the types of work visas available for foreign nationals who want to work in the United States include temporary work visas, seasonal work visas, and exchange worker visas.

H-1B: Person in Specialty Occupation	To work in a specialty occupation. Requires a higher education degree (bachelor's or higher degree in the specific specialty) or its equivalent.
L: Intracompany Transferee	To work at a branch, parent, affiliate, or subsidiary of the current employer in a managerial or executive capacity, or in a position requiring specialized knowledge.
O: Individual with Extraordinary Ability or Achievement	For persons with extraordinary ability or achievement in the sciences, arts, education, business, or athletics.
P-1: Individual or Team Athlete, or Member of an Entertainment Group	To perform at a specific athletic competition as an athlete or as a member of an entertainment group. Requires an internationally recognized level of sustained performance.

To work in the United States temporarily as a lawful nonimmigrant, temporary workers must qualify for the available visa category based on the planned employment purpose. Temporary worker visas are for persons who want to enter the United States for employment lasting a fixed period of time. The steps in the process before applying for a visa vary. Review the most common employment categories below.

The above are all petition-based work visas. This means that your prospective U.S. employer must first file an I-129 petition for you. (For more information see: <https://www.uscis.gov/i-129>). After U.S. Citizenship and Immigration Services approves the petition, you may apply for a visa. There are several steps in the visa application process:

- 1 Complete the Online Visa Application Form DS-160
- 2 Register at <https://ais.usvisa-info.com/en-hr/niv>
- 3 Pay the non-refundable visa application fee
- 4 Schedule an Interview

The approval of a petition does not guarantee that you will be issued a visa. Be advised not to make final travel arrangements or purchase travel tickets until you have a visa.

Newly hired employees are required to prove that they are legally entitled to work in the United States. All U.S. employers must ensure proper completion of Form I-9 for each individual they hire for employment in the United States. This form will be kept on file by the employer.

Visa applicants who receive a work visa should also read and familiarize themselves with their legal rights and protections while employed in the United States.

Temporary workers and those in nonimmigrant visa status who are authorized to work in the United States by the Department of Homeland Security (DHS) can get a Social Security number. These numbers are used to report wages to the government and to determine a person's eligibility for Social Security benefits.

There are many online resources that may help you find a job on the U.S. job market, but beware of scams that offer to assist with obtaining a visa. You should know that there is never a fee to obtain U.S. government application forms or instructions. It is strongly recommended to seek information on official U.S. government websites or to contact your nearest Embassy or Consulate for guidance. We hope your work experience in the United States will be rewarding, and will help strengthen relations between our two countries.

For more information about work visas, applicants can visit <https://travel.state.gov/content/travel/en/us-visas/employment.html>.

report

EUROPEAN DATA PROTECTION BOARD GUIDELINES ON GDPR'S TERRITORIAL SCOPE

By Dora Krce-Ivančić, Attorney at Law, Law Firm Kallay & Partners

European data protection board ("EDPB") guidelines use common sense in clarifying the GDPR's territorial scope, but don't clarify its effect on the data transfer regime.

THE GENERAL DATA PROTECTION REGULATION (EU) 2016/679 ("GDPR") introduced what could be called "rigorous" changes to that concept of territorial scope, which recently turned out to be the most ambiguous area of the new European data protection framework. The mentioned extra-territorial applicability stipulated in Article 3 of the GDPR implies that a large number of legal entities previously operating outside the scope of the Data Protection Directive 95/46/EC will now be caught by the GDPR, which will require substantial changes to processes and procedures of such businesses.

As a result, the EDPB has produced detailed guidelines that use common sense to clarify the extra-territorial applicability as an innovative approach in the data protection environment. Even though one could agree that the mentioned guidelines provide clarification to most points and issues arising out of the provisions of GDPR that cover territorial scope, it could also be noted that the guidelines fail to address and explain the impact of the extra territorial scope to the data transfer regime for processors in the European Union ("EU") in case the data is made available to a controller outside the EU.

Namely, the EDPB clearly list the obligations of a processor established in the EU and thereby state that when it comes to a data processor in the EU carrying out processing on behalf of a data controller established outside the Union and which does not fall under the territorial scope of the GDPR as per Article 3(2), the processor will be subject to the relevant GDPR provisions directly applicable to data processors which is amongst other - the provisions on transfers of personal data to third countries or international organizations, as per Chapter V of the GDPR. This states that the processor in the EU has certain obligations under the GDPR that are associated with its role of a processor, which is common sense since it limits the obligation and application of the full scope of GDPR in relation to the controller who is outside the EU. However, the mentioned obligations or provisions that apply to such a processor are also the transfer rules, which make little sense in the above-mentioned situation where the controller is outside the EU and the relevant processing is not governed by the GDPR.

So, the EDPB guidelines are quite helpful with listing the provisions of GDPR that apply to the processor established in the EU carrying out processing on behalf of a data controller established outside the Union which does not fall under the territorial scope of the GDPR as per Article 3(2). This is especially true since it rejects the



approach where any data transferred by a non-EU controller (from a non-adequate country) to the EU processor and subsequently transferred back to the non-EU controller would attract the full scope of EU data protection law. An interpretation of the transfer rules under the GDPR, which would require EU processors to impose the full scope of protection of the GDPR on the controller outside EU when transferring data back to such controller or to a third-party controller, would be in contradiction with the choices made by EU legislators when drafting the GDPR.

On the other hand, the EDPB guidelines state that the provisions of Chapter V of GDPR apply to a data processor in the EU carrying out processing on behalf of a data controller established outside the Union even though the original processing is not governed by EU data protection law, given that the controller is outside the EU. That kind of general determination leaves us with no specific answer on how to interpret the applicability of Chapter V, since imposing transfer rules where the original processing was not governed under GDPR seems to be against the common sense approach of EDPB.

So even though the EDPB correctly points out that the EU processor will still be required to comply with the processor obligations imposed by the GDPR, it still remains unanswered to what extent that processor needs to address the obligations in relation to international data transfers when the data is made available to a controller outside the EU. This question will also remain a challenge for the processors in terms of which approach to take, given that there is no detailed explanation by the regulators or guidelines that could confirm any of the possible interpretations.

MOBBING IN LEGISLATION AND IN PRACTICE

By Jadranka Orešković, Orešković, Vrtarić i partneri Odvjetničko društvo d.o.o.



LIBERALISATION OF THE LABOUR MARKET within the EU is merely one of the reasons why Croatian employers increasingly face the challenge of attracting, motivating, and retaining talent. At the same time, normative solutions with the purpose of protecting employees from mobbing, are in our legislation very basic and need further development.

WHAT IS MOBBING?

Despite centuries of research and numerous studies on mobbing, along with the existence of extensive case law, we still lack a globally accepted, concrete, and comprehensive definition of mobbing. Certain theorists insist that mobbing entails sophisticated behaviours aimed at exerting harmful pressure on an individual employee, differentiating it from bullying, which entails strong elements of physically aggressive behaviour.

Croatian legislation does not recognise mobbing as a specific institute and there is no legal regulation providing adequate protection to mobbing victims. Protecting employees' dignity is not sufficiently normatively precise, so despite the existence of specific regulations such as the Antidiscrimination Act, which governs discrimination in general, we are still eager to see an act which would tackle harassment at the workplace in further detail and elaborate on the existing provisions of the Labour Act in the implementing and substantive legal sense.

The Labour Act stipulates fundamental employment rights and obligations, including the employer's duty to ensure safe working conditions for the employee in a way that would not jeopardise the employee's health. The employer is obliged to protect the employee while he/she performs his or her tasks. The Labour Act strictly forbids direct and indirect discrimination in the area of work and work conditions, especially in terms of employment selection criteria and terms and conditions, advancement, professional orientation, professional training and retraining, determining the procedure and measures for protecting employees' dignity against the treatment of supervisors, colleagues, and persons the employees regularly enter into contact with while performing their tasks.

Based on a review of Croatian case law, we may conclude that mobbing is considered to be physical or psychological harassment at the workplace that threatens a person's dignity, regardless of its basis, i.e. whether it is founded on a specific criterion for discrimination (e.g. sex, religion, race, etc.). We must attribute an equal level of importance to passive harassment, such as taking

work tasks away from a person, or assigning the person work tasks significantly below his or her qualification.

We find it truly absurd that harassment at the workplace is not an expressly regulated civil law institute, while the Criminal Code defines "workplace mistreatment" as an employment-related criminal offence, enabling the possibility of sanctioning mobbing indicators.

Criminal Code Workplace mistreatment Article 133

Whoever **insults, humiliates, mistreats**, or otherwise **disturbs** another in the workplace or in relation to work and by doing so **damages his or her health** or **violates his or her rights** shall be punished by **imprisonment not exceeding two years**. The criminal offence shall be prosecuted upon request.

WHAT DOES NOT CONSTITUTE MOBBING?

Some behaviours may at first resemble mobbing, while in reality the employer merely insists on maintaining discipline and performance at the workplace, as well as performing work obligations in line with the employment contract. Therefore, in Croatian case law certain court decisions explicitly stress the fact that insisting on maintaining discipline at the workplace and proper performance of tasks does not qualify as harassment or mobbing. In cases when someone, due to his or her personality and personality structure, perceives certain behaviours as behaviours threatening professional authority and personality, the relevant behaviours do not constitute mobbing if they would not affect every other average person in the same way. Furthermore, when asserting and emphasizing the fact that mobbing also entails overload due to overtime work, the court adopted the statement that the relevant behaviour does not constitute mobbing if the employee did not manage to prove during the proceedings that he or she was forced to work overtime without any remuneration, considering the fact that there are legal provisions governing overtime work and relevant compensation in times of increased workload.

It is important to stress that the consequences of mobbing affect not only the victim of mobbing, but also his or her surroundings – family, work environment, friends and, finally, society as a whole. Moreover, productivity, efficiency and employee satisfaction decreases in organisations in which harassment is present, which in turn significantly affects the organisation's income and performance. Therefore, every employer, if his or her aim is to attract and retain talent, needs to tackle this negative phenomenon!

report

HUMAN RESOURCES AND AI

By Sandra Zemljič, Head of Human Resources, Crowe Croatia

MANAGEMENT OF THE HUMAN WORK force has been in place since humans were organized into working groups. Today, we are trying to assess how to harmonize these work groups with the vast possibilities in human resources offered by technological upgrades, digitalization, and AI.

WHAT IS AI?

Simply put, it is the assistance of machine learning through algorithms in order to help us analyze big data, with further capabilities of predictions based on this analysis.

The precursor to AI in HR was systems solutions such as SAP. These solutions organized HR data and salary information, thus revolutionizing the transparency, availability, and controlling of employee data through computerized forms with multiple access throughout geographical locations. However, they did not actively lead or filter communication with humans, as AI can today.

AI AND HR

The majority of AI implementation within the human resources sector has been within recruitment and selection. With the arrival of AI in HR, we have seen improvements in: data management, analysis, job-candidate matching, time/cost savings, communication to candidates/hires, complex psychological profiling, employer branding possibilities, and more.

WHAT IS AI DOING FOR RECRUITMENT AND SELECTION AND HOW?

Advanced CV screening is popular in companies with work forces in the thousands. Keywords/preferences are used for pre-screening candidates for recruiters by identifying potential fits, while automatically rejecting others, thus reducing work hours for the recruiter.

AI is now a step further and being utilized to amass a database of future employees. Fanclubs: Leading corporations such as Google and Apple are creating communities of potential candidates or fans. They are advertising vacancies and their business in a targeted/strategic method in order to attract the exact requirements of desired potentials for their future candidate pool. These types of companies are ahead of the game in preparing for their future needs, while effectively selling their employer brand!

AI can speed up the interview process by actually running some stages of the interviews through automated questioning, thus eliminating physical contact with an interviewer until the final phases of the selection process. In my opinion, this is a negative circumstance for the candidate, who is limited to machine interaction during most of the process, and is left clueless to a wealth of information

indicators and human contact otherwise experienced in the recruitment chain.

In 2017, the HR Trend Institute noted trends in companies like Booking.com, which maintain they were less interested in CV- or diploma-based recruiting. Candidates are taken directly on a recruitment walk-through from website contact. Following a series of automated conversations, job and psychological assessments, highly accurate ideas of the skills and behavioral potential of candidates are created. However, there is a downside to this process. We can't be sure there is no bias in this system, how accurate the questions are, who put them together, were they qualified to do so, nor how to know if the information is being manipulated?

Perhaps one of the most interesting areas within the selection phase is the behavior and psychological assessment of candidates. Here, the profiling or digital potential of AI is so advanced that it is able to compile verbal and non-verbal communication indicators shown through body language. Some state-of-the-art AI programs claim to be able to assess candidate behavior based on face scanning only. Interesting? Frightening perhaps? Could it be that no matter how you present yourself, a machine will decide what the truth is?

AI is revolutionizing candidate assessment through "gamification". Interactive computer games are being implemented in the testing phase which create an analysis of candidate capabilities such as attention span, adaptability, detail orientation, integrity, problem-solving skills, time management, social interaction, etc. all based on how the candidate played the game.

Agreed, AI provides vital assistance in the human resources process and improves HR administration for HR professionals. However, the question we need to ask is, "Are we minimizing the human in our human resources processes with AI?"

AI provides vital assistance in the human resources process. As we've seen, it can and does improve the HR administration for HR professionals. However, as with many questions regarding AI, we need to control and assess the added value received versus the dehumanization within human resources that will be incurred.



PRICELESS CROATIA: THE TRAVELLERS HAVE BEEN WAITING FOR

In just a few steps to an unforgettable experience

CROATIA, with its fantastic beaches, numerous historical landmarks, rich gastronomy, legendary music scene and perfect climate, is one of the world's favorite tourist destinations, as is confirmed by almost 20 million tourists in 2018. Great news for all travelers is that Croatia has become more popular all-year destination, which made Priceless Croatia an all-year programme within Mastercard Priceless® Cities campaign. It gathers more than 40 destinations around the world, offering a range of unique and exclusive experiences to both residents and visitors.

In order to enjoy these specially created experiences, it is necessary to register on the Priceless Croatia website (www.priceless.com). Once registered on the website, Mastercard cardholders from all over the world have the privilege to buy exclusive packages such as flight in a private hot air balloon and enjoy a chef-prepared

picnic in the clouds above the idyllic Zagorje hills, get in touch with Zagreb's wild side by helping feeding the animals during a zoo tour, have a nighttime driving tour of Zagreb in a vintage Yugo, discover the magic of Croatia's "little Vienna", enjoy the luxury at the iconic Esplanade Zagreb Hotel, or learn how to prepare a traditional Zagreb lunch in a 19th-century flat with fresh, local ingredients. Beside Zagreb and Northern part of the country, other regions offer a lot as well. For example, in Istria you may taste the world's best olive oil from the source, enjoy in natural wine tasting, experience beer spa at premium boutique hotel, or go on a guided truffle-hunting expedition in the Motovun Forest. Heading to the South, it is possible to discover the sights and flavours of Dubrovnik's Old Town, as well as to take a guided tour and visit city locations where popular Game of Thrones series had been filmed.



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During the summer, it will be possible to take part in the famous Croatian film festival in Pula, unravel Dubrovnik secrets during Dubrovnik Summer Festival, dance the night away at Ultra Europe Festival, hike the Velebit Mountains and many more.



IMPACT INVESTING

By Ivona Zagajski, Associate, Marohnić, Tomek & Gjoić



IMPACT INVESTING, although present on the social science scene for over a decade, has been gaining traction only recently. This has been mostly attributed to a generational shift, which has seen younger investors taking over the market and directing their capital to investments producing social impact, rather than merely yielding profit. However, the impact investment sector is still in its nascent phase and not attracting enough serious capital and mainstream investors. The biggest challenges are the lack of consensus on

standards for measuring social impact and the still-present opinion that impact investment inevitably leads to below market rate returns. Although a growing number of reports show that socially responsible companies have better chances of yielding a greater financial return, impact investors must be prepared for some financial sacrifice.

According to the prevailing view, impact investment is an investment intentionally seeking to create both financial return and positive social impact that can be actively measured. The definition emphasizes intentionality, meaning investments with sole financial gain in mind simultaneously but unintentionally creating impact would not fit the definition. As far as social impact is concerned, impact aligned with the Sustainable Development Goals (SDGs) developed by United Nation would meet the criteria.

Although impact investing is open to a wide variety of investors, impact investment funds are the predominant stakeholder on the market. Impact investment funds have more a complex story to tell than traditional funds, which makes it especially challenging to develop coherent fund rules, as fund managers should have a clear sense of their investment strategy from the outset. Considering impact investors also aim to achieve additionality, which depends on the markets in which funds operate, the decision on the sector and geographical focus of the investments is a decisive factor for achieving the intended social impact.

Special attention should be given to devising the corporate structure of the fund manager. At the European Union level, Directive 2011/61/EU on Alternative Investment Fund Managers sets the minimum capital requirements, which depend on the value of portfolio managed by the fund. The fund manager must also provide an additional amount of his own funds in the event the value of the portfolio

exceeds a certain threshold. Hence, when drafting the implementing document, the founder(s) should consider obliging the shareholders to inject additional capital relative to their respective share in the company when certain conditions have been met. The shareholder(s) should also be restricted from freely exiting the company, as this may cause the initial capital to decrease below the required threshold while the transfer of shares should be subjected to strict requirements to ensure new shareholders have required expertise and financial standing. Last but not least, strict rules on the majority necessary to adopt certain decisions should be established to preserve control in the hands of founding shareholders who are expected to safeguard the essential culture of the fund.

When establishing impact investment funds, European Union stakeholders could opt for the Regulation No 346/2013 on European social entrepreneurship funds. The Regulation lays down the rules for the investment strategies of social funds and imposes corresponding obligations on fund managers. The Regulation only applies to fund managers wishing to use the designation 'EuSEF', clearly demarking them from alternative investment funds that engage in less specialized investment strategies.

The fund manager should also devise a strategy for deal sourcing. It is necessary that the fund manager develop a robust pipeline that matches the defined investment strategy. After selecting the company, the fund manager must assess which instrument is most appropriate for the respective company, as the selected instrument can have a great influence over efficiency of exit strategy. Since the financial return is determined by the company's success, non-monetary support is also provided to the investee in order to develop an environment that would eventually stimulate preservation of impact. The exit strategy should be developed at the beginning of each investment and then adjusted throughout its life. A successful exit strategy is dependent on the shared vision of the fund manager and the investee, which is why they must have strong communication and strategic alignment, and on finding a buyer with similar objectives and significant experience in the relevant sector.

The impact investing sector is still in its developing phase, and stakeholders are working hard towards establishing best practices which would close the existing gaps. Developments on the market illustrate that there is a global movement towards responsible investment and raising awareness that financial returns may coexist with social impact. Thus, the scale of impact investing is unavoidable while the current uncrowdedness of the market provides an attractive opportunity for early movers to gain a competitive advantage over stakeholders who were too slow in catching the wave.



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DAC6: NEW TAX DISCLOSURE RULES THAT A

By Lana Brlek, Tax Senior Manager, PwC Croatia

WHAT IS IT ALL ABOUT AND WHEN WILL THE NEW RULES BE APPLIED?

Imagine this! It is 25 June 2018, and you, like the rest of the working population in Croatia, take a well-deserved break after completing one of the most tax-efficient tax restructurings of your group, which affected not only Croatia, but the entire CEE region as well (or maybe only Croatia and Slovenia). Both you and your tax advisor are pleased with the outcome, because for you the tax savings should be significant, and for your advisor, the agreed fees should form a basis for his well-deserved promotion, because he will get a percentage of whatever you save.

Well, tax authorities are certainly interested to hear all about this interesting cross-border success plan, and with the implementation of the new DAC6 Directive¹, they will have a full right to be informed about it.

Generally speaking, the aim of DAC6 is to identify arrangements with an EU cross-border aspect, which fall within certain 'hallmarks' and are mostly tax driven (i.e. the main benefit test shows that the primary aim of the transaction was to obtain tax advantages). This alerts tax authorities and provides them with an early warning mechanism on new risks of tax avoidance, thereby enabling them to carry out audits more effectively.

Life would be less complicated if such obvious aggressive tax planning arrangements were reported. However, it seems that DAC6 is set widely, covering a variety of arrangements, sometimes seemingly without any direct connection to aggressive tax planning.

It is important that, although the DAC6 is currently not implemented in the Croatian legislative provisions, it will be by the end of this calendar year at the latest. The big surprise is that the implementation will come into force retroactively. The reporting will start on 31 August 2020 and it will go back to arrangements that existed starting 25 June 2018 (the date at the beginning of our story).

Therefore, it seems it's time to ask ourselves: do we have an obligation to report?

WHO AND WHAT TRANSACTIONS ARE SUBJECT TO REPORTING

The reporting responsibilities generally lie with the tax intermediary, unless such reporting would be a breach of the intermediary's legal professional privilege. If this is the case, the intermediary will notify any other intermediary that the reporting obligation would fall to them, or if there is no such intermediary, the client (i.e. the taxpayer).

An intermediary is defined as any person that designs, markets, organizes or makes available for implementation, or manages the implementation of a reportable cross-border arrangement. This may include tax advisers, lawyers, and accountants. However, DAC6 further extends the definition of intermediaries to "any persons that know, or could be reasonably expected to know, that they have undertaken to provide, directly

or by means of other persons, aid assistance or advice with respect to designing, marketing, organizing, making available for implementation, or managing the implementation of a reportable cross border arrangement".

Cross-border arrangements become reportable if:

- the reportable cross-border arrangement is made available for implementation,
- the reportable cross-border arrangement is ready for implementation, or
- the first step in the implementation of the reportable cross-border arrangement has been made.

The reportable cross-border arrangements need to be disclosed within 30 days from this point in time.

For better understanding, the following table presents some of the most relevant criteria, i.e. the 'hallmarks' which lead to a reporting obligation for a particular arrangement in case at least one hallmark is satisfied:

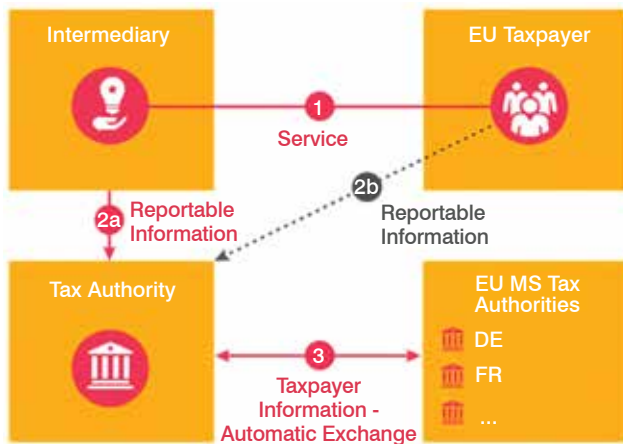
Category A	Generic hallmarks linked to the main benefit test, arrangements that give rise to performance fees or involve mass-marketed schemes
Category B	Specific hallmarks linked to the main benefit test; certain tax planning features, such as buying a loss making company to exploit its losses, or arrangements aimed at converting income into capital in order to obtain a tax benefit
Category C	Specific hallmarks related to cross-border transactions, some of these are subject to main benefit test: e.g. deductible cross-border payments where a recipient is essentially subject to no, zero, or almost zero tax. Deduction for the same depreciation on an asset claimed in more than one jurisdiction.
Category D	Specific hallmarks concerning the automatic exchange of information and beneficial ownership, reportable arrangement has the effect of undermining the rules, or the absence thereof, on beneficial ownership or Directive 2014/107/EU or any other equivalent agreement on automatic exchange of financial account information
Category E	Specific hallmarks concerning transfer pricing, use of unilateral safe harbors, the transfer of hard-to-value intangible assets when no reliable comparables exist, and the projection of future cash flows or income are highly uncertain. An arrangement involving an intragroup cross-border transfer of functions and/or risks and/or assets, if the projected annual earnings of one or more transferors before interest and taxes (EBIT) during the three-year period after the transfer are less than 50% of their projected annual EBIT, had the transfer not been made

Table Source: https://ec.europa.eu/taxation_customs/sites/taxation/files/dac-6-council-directive-2018_en.pdf

¹ Council Directive (EU) 2018/822, which amends Directive 2011/16/EU on mandatory automatic exchange of tax information regarding reportable cross-border arrangements.

RE ALREADY KNOCKING ON OUR DOOR

HOW WILL THIS WORK?



WHAT THE LOCAL LEGISLATION WILL BRING AND WHAT THE OVERALL PUBLIC IMPRESSION CONCERNING DAC6 IS

Many aspects of the DAC6 remain undefined and several public observations note that the way it can currently be interpreted may lead to tax authorities being provided with such a huge number of reported transactions that it may become difficult to identify those that fall under the category of truly aggressive arrangements. It

is unclear what the purpose of reporting of some standard transactions with no particular tax motive is, and this may become the case unless local legislation loosens the DAC6 rules to some extent.

DAC6 does leave each Member State to lay down rules on effective, proportionate, and dissuasive penalties for failure to comply with the provisions of DAC6.

The examples of local rules that we hear at this point are not

very encouraging for the taxpayers, as in some cases the local rules become stricter than the DAC6 Directive itself. Poland and Germany, for example, consider reporting obligation not only for cross-border, but also for domestic arrangements. Also, in some cases the reporting will go beyond initially set income tax, into other tax laws, such as inheritance tax and real estate transfer tax in Germany or VAT in Poland.

The Netherlands proposes quite significant fines and penalties. The local draft of the law says that if the reporting obligations are not fulfilled, have been fulfilled late, are incomplete or incorrect due to the intent or gross negligence on the part of the intermediary or the relevant taxpayer, an administrative penalty may be imposed of up to 830,000 EUR. In Germany, the discussions regarding penalties are in the lower range of 25,000 EUR, but Poland suggests fines of over 2 million EUR.

CONCLUSION

The world within the global economy is rapidly changing and many things that were never questioned in the past, have now become highly observed. This has become obvious in the past few years, when many actions have been taken in the area of tax transparency and anti-avoidance measures across the EU, quite often following the BEPS (Base Erosion and Profit Shifting) conclusions and reports. DAC6 is one such initiative, arising from BEPS Project Action 12, which has deliberately been set broadly with the aim ensuring that all aggressive tax planning arrangements are reported and that tax authorities have a better awareness of what happens in the market and what taxpayers' actions in the taxation area are. The idea behind this is to increase transparency and fair taxation in the market, and to prevent tax-driven artificial transactions.

The first public reactions to the new measure show concern that the current broad wording of the Directive and the lack of detailed definitions of reporting obligations may become an obstacle in achieving such goals. The taxpayers will seek to get legal certainty as to what is required from them. With so many points left undefined, and with such a potential diversity in practical implementation, the taxpayers may be faced with an increased level of uncertainty.

It is, however, a general consensus that DAC6 will represent a serious compliance obligation. The reporting will have to be done on a transaction-by-transaction basis within a short time frame of 30 days. Bearing in mind the Directive's retroactive application, the intermediaries and the taxpayers should already start analyzing whether any arrangements implemented since 25 June 2018 are reportable.



LEGAL EFFECTS OF THE ECJ DECISION ON CROATIAN LEGISLATION

By Edin Karakaš, Attorney at Law and Zrinka Ivanković, Associate, Žurić i partneri

Case C-630/17: *Milivojević v Raiffeisenbank St. Stefan-Jagerberg-Wolfsberg eGen*



INTRODUCTION

On 14 February 2019 the Court of Justice of the European Union ("ECJ") passed a judgment in *Milivojević* case, C-639/17 (hereinafter: "*Milivojević* Decision"). In that judgment, ECJ held that provisions of the Croatian Act on Invalidity of Credit Agreements Featuring International Element (Official Gazette 72/17, hereinafter: "*Law on Invalidity*") are incompatible with European Law.



BACKGROUND

In 2007, Anica Milivojević, a Croatian resident, concluded with Austrian credit institution Raiffeisenbank St. Stefan-Jagerberg-Wolfsberg eGen (the "*Raiffeisen*") a loan agreement. The parties also executed a notarial deed by which Raiffeisen acquired security interest over real property ("*mortgage agreement*"). In 2015, Ms.

Milivojević instituted the proceedings requesting the court to declare the loan agreement and the mortgage agreement invalid.

Taking deposits and granting loans ("*credits*") from deposits was a banking service and required a banking license. The Supreme Court of the Republic of Croatia opined that, while Croatian law prohibited unauthorized foreign credit institutions from concluding loans, such loans were generally not invalid. (resolution no.3, Su-IV-155/16).

In July 2017, Croatia adopted the *Law on Invalidity*. The law declared invalid the loan agreements and auxiliary acts entered into between Croatian borrowers (who are not public law entities and large corporations) and foreign lenders granted in Croatia without necessary authorization, even those concluded before entry into force of the *Law on Invalidity*.

Croatian first instance court asked ECJ four questions in the request for preliminary ruling. This article will focus on the first one, i.e., whether the invalidity of the loan agreements as prescribed by the *Law on Invalidity* is compatible with EU law.

JUDGMENT OF ECJ

ECJ decided that it was competent to rule in this matter because, even though the contracts were concluded before Croatian accession to the European Union, the legal consequences extend after the accession which is why it was necessary to rule on compatibility of the *Law on Invalidity* with EU law.

ECJ determined that the *Law on Invalidity* is not compliant with Article 56 of the Treaty on the Functioning of the European Union (hereinafter: "*TFEU*"). That article provides that all restrictions on freedom to provide services within the Union shall be prohibited in respect of nationals of Member States who are established in a Member State other than that of the person for whom the services are intended.:

"Article 56 TFEU must be interpreted as precluding legislation of a Member State, such as that at issue in the main proceedings, which has the effect, inter alia, that credit agreements and legal acts based on those agreements concluded in that Member State between debtors and creditors established in another Member State who do not hold authorization, issued by the competent authorities of the first Member State, to operate in that State, are invalid from the date on which they were concluded, even if they were concluded before the entry into force of that legislation." (C 416/17, para 75.)

ECJ concluded that, "the *Law on the invalidity of credit agreements* featuring international elements makes access to the Croatian financial services market for creditors based outside Croatia subject to their obtaining authorization issued by the Croatian Central Bank and thus makes access to that market less attractive, so that it undermines the freedom guaranteed by Article 56 TFEU." (paragraph 64 of the *Milivojević* decision)

COMMENT

Following the entry into force of the *Law on Invalidity*, a number of borrowers have filed actions to invalidate credit agreements featuring international elements. Considering that ECJ declared the *Law on Invalidity* non-compliant with EU Law, the *Law on Invalidity* is expected to be exempted from application to the extent it relates to lenders that enjoy the protection of EU freedom of movement.

The obligation of Member States to comply with the provisions of TFEU applies to all of their authorities, including courts. If the European Commission believes that a Member State does not act in accordance with European law, it is authorized to bring an action before ECJ, including when the courts of a Member State misconstrue previous ECJ case law and fail to apply to ECJ for a reference for a preliminary ruling (ECJ judgment of 4 October 2018, *Commission v France*, C 416/17,). Consequently, Croatian courts (in particular courts of last instance) are under obligation to follow the decision of ECJ regarding the *Law on Invalidity*. Hence, loan agreements entered into between a Croatian borrower and an EU-Member State based lender should not be affected by the *Law on Invalidity*.

CROATIA'S possible euro area entry, and as quickly as possible, is a double-edged issue. First of all, the level of prosperity – as an indicator of real convergence – in Croatia is currently roughly on a par with that of other euro-entry countries from Central and Eastern Europe (at least at the time of their entry into the euro area). In addition, the correlation between the inflation and economic cycle in Croatia and the euro area is quite high. Here, Croatia performs almost as well as Slovakia, the last major Central European country to join the euro. Also, more than 70% of Croatia's foreign trade is with the euro area, while in Slovakia, the ratio was only marginally higher at the time of the introduction of the euro. In terms of foreign currency loans (now mostly in euros), the figure in Croatia is around 60%; in Slovakia, in the run-up to the introduction of the euro, the figure was only around 20%. In this respect, it might be reasonable to assume that the de facto euro member Croatia would soon see itself in the euro area.

Recent efforts and fundamentals do not cry out for quick euro area membership. However, efforts have also been made in recent years to rebalance the banking sector and to curb foreign currency lending. The banking sector is more localized, although the deposit side is also highly "euroized". In this respect, there are no massive risks in the system as a whole that really suggest a rapid "flight" to the euro. Or, in other words: some of the efforts of recent years, that also contributed to more local and less external financing, would almost be reversed with a quick euro area entry. In addition, there are many other important practical and political

arguments against Croatia's rapid entry into the euro. Moreover, it remains to be seen whether Croatia, with its quasi-fixed exchange rate to the EUR, will be able to return to a sustainable real convergence path to the level of prosperity in core Europe.

Last but not least, over-ambitious expectations of joining a club (with increasingly sharpened entry criteria) have already been disappointed in the case of Croatia. The accession to the EU was also a few years later than many overoptimistic commentators (local and sometimes international) expected. So, we would possibly add at least two to five years to overly ambitious Croatian euro adoption targets floating around in certain public speeches.

However, experience in other euro area countries has also shown that the question of euro area membership can help to build domestic reform momentum. Therefore, the goal of euro



report

WHEN WILL CROATIA INTRODUCE THE EURO?

By Zrinka Živković-Matijević (RBA) and Gunter Deuber (RBI)

arguments against Croatia's rapid entry into the euro. In contrast to Slovakia, it must be questioned whether the economic and competitive structures in Croatia really suggest a rapid entry into the euro.

The IMF estimates the share of the shadow economy in Croatia at 17–28% of GDP. These are values like those in Italy or Spain, while in Slovakia the share is at about 8–12%. Other competitiveness indicators or indicators of institutional convergence paint a similar picture. In addition, Slovakia fully met all Maastricht criteria when it joined the euro. In the case of Croatia, if it were to join the euro before the mid-2020s, exceptions would probably have to be made to the 60% public debt-to-GDP threshold (as in the case of Italy, Greece, and Belgium). The public debt-to-GDP ratio may inch to or below the 50% level if the consolidation course of recent years is maintained and is not again overturned by external shocks or less stability-oriented economic policies. On the one hand, one could argue in favor of the accused in case of doubt, but, on the other hand it should also be noted that among EU countries, Croatia had to record one of the highest increases in the public debt-to-GDP ra-

area membership can also help to pursue consistent economic policies beyond the electoral cycle (like it happened in Slovakia). On an interesting note, we have seen another round of institutional convergence (like it happened prior to EU entry) in the Baltics, that may or may not be linked to euro area membership, following their euro area entry. However, Croatia is a country of constantly stagnant competitiveness because its comparative advantages have never been exploited and the market economy is often damped by extensive state interference. This is a consequence of its very weak institutional environment and a low rule of law. Both of these should be strengthened to create the necessary better business environment. In addition, all the required structural reforms (state administration, local and regional government, healthcare, education, etc.) continue to be slow and insufficiently resolute. Therefore, Croatia should be aware that the removal of currency risk alone will not solve the deeply rooted weaknesses of the economy. The economy of prosperity requires long overdue "homework" to be done.

For the full version, please visit RBI Blog (<http://www.discover-cee.com>).

DEVELOPMENT OF 5G NETWORK IN CROATIA

By Marija Mušec, Partner, and Mia Kanceljak, Attorney-at-Law, Law Firm Bardek, Lisac, Mušec, Skoko in cooperation with CMS Reich-Rohrwig Hainz



»»» **MARIJA MUŠEC**



»»» **MIA KANCELJAK**

IN 2017, the Croatian Regulatory Authority for Network Industries (“HAKOM”) formed a working group entrusted to identify the main challenges for the introduction of 5G in Croatia. The working group is expected to propose a Croatian Action Plan in accordance with the plan and initiative of the European Commission for the development of the digital single market¹.

The Digital Single Market Strategy envisages that implementation of the 5G network in the EU is a key value for the EU’s competitiveness on the global market and could result in 2 million new job positions. In order for the implementation to be successful, the coordination of all Member States is required. Some Member States were late with their implementation of 4G in 2015, because of which we can see discrepancies in Internet speed across the EU. According to the Digital Economy and Society Index (DESI), Croatia has an average Internet speed of 7.30

Mb/s, which makes it the lowest ranking Member State. As a result, implementation of infrastructure for 5G in Croatia will require significant funds.

INVESTMENT OPPORTUNITIES ARISING FROM DEVELOPMENT OF 5G NETWORK

Apart from the telecommunication sector, other industries such as transport, health care, education, and production can also profit from the introduction of the 5G network. There are various investment opportunities resulting from the introduction of 5G networks. One of the strategic goals is the digital transformation of traditional sectors, such as the construction, agricultural and food sectors, and the textile and steel sectors.

Implementation of the 5G network will enable connections between smart devices, from smart phones, household appliances, to cars, smart machines, etc. Citizens will have access to new services offered by smart cities, smart industries, smart cars, and other kinds of applications. 5G will also enable the development of autonomous driving, where the costs of installment of sensor technology are already decreasing. Connected cars would be able to inform the driver if there is an obstacle on the street, or if an object is approaching in real time. 5G technology enables these processes to be completed within a matter of milliseconds, so that the car can react almost immediately.

5G will enable robots to be controlled remotely, which could have various potential uses, such as performing medical treatments with remote controlled robots through virtual reality technology. This will also enable the development of advanced production. Virtual reality technology will also expand in other ways, enabling new modes of social interaction which provide premium user experience and the almost immediate upload of content.

The EU plans to invest EUR 500 million in a Pan-European network of digital innovative centers in which companies will be able to test digital innovations and establish pilot-projects for the development of advanced technologies, such as the Internet of things.

Rising demand for 5G services will likely benefit licensed spectrum owners, mostly governments, but also some private companies. Equipment vendors, i.e. owners of 5G network equipment such as radios and antennas, will likely also benefit, as mobile operators will need to invest in this equipment before launching 5G services. Owners of cellular towers will also benefit, as existing towers may be used to deploy new equipment capable of delivering 5G signals.

REGULATORY DEVELOPMENT AND CHALLENGES

So far, HAKOM has not published a tender for allocating a radio frequency range for 5G. Based on publicly available information, HT is the first telecom in Croatia that achieved 5G functionality in real infrastructure conditions and thus made an important step towards making 5G networks available in Croatia. Also, HAKOM issued a temporary license to A1 to use the radio frequency spectrum in the 3500 MHz band, which helped A1 test new technologies prior to introducing the 5G network.

On 25 January 2019, HAKOM issued a public invitation for allocating spectrum in the radio frequency band 2500-2690 MHz for the period from May 2019 until October 2024. This will not only serve to improve 4G, but also pave the way for 5G. The award decision is expected to be published in March 2019.

The development of 5G in Croatia has not yet begun to reach full speed and will surely not be finished in the near future, but all stakeholders should be prepared once this process starts rolling.

One of the challenges that will have to be tackled after implementing 5G and digitalizing the industry will be the protection of (personal) data collected and generated by smart devices and sensors. The European Commission is aware of that challenge and will encourage countries to adopt guidelines (or new laws, if necessary) in order to ensure consumers are protected in the era of digitalization.

¹ Communication from the European Commission on Connectivity for a Competitive Digital Single Market - Towards a European Gigabit Society; Communication from the European Commission on a Digital Single Market Strategy for Europe.

report

GENESIS AND HUMAN CHALLENGES IN THE ERA OF THE 4TH INDUSTRIAL REVOLUTION

By Ernest Vlačić, PhD, MBA, Head of e-Leadership MBA study program, University College ALGEBRA

THE BALLISTIC expansion of digital technologies and its platforms has enabled the inevitable triggering of the 4th Industrial Revolution (IR4), which today represents an omnipresent global phenomenon. The 4IR, as it's popularly abbreviated, is not only shaping and determining current and future development trends by disrupting the existing paradigm, but it is also inevitably leading to the creation of a digital society, or a digital economy society, whether we like it or not. However, such rapid transformation poses a number of challenges to humanity, especially when it comes to the human component. The question is whether we as a society, but also as individuals, are ready to run and manage the disruptive processes that the new paradigm imposes on us?

DIGITAL ECONOMY AS AN OVERARCHING STRATEGIC GOAL

Dominant global political blocks have set themselves a main strategic goal, which is to build a digital economy or digital society, whatever that may mean. The key enabling factor that catalyzed the transition to aimed digital society is evidently human transition into the 4IR era, which was triggered by the sudden development and expansion of digital technologies and their related platforms. Among dominating digital platforms, we may notice the German-designed Industry 4.0 platform, which has subsequently globally expanded. The underlying process is supported by digital (r)evolution, or the globally outspoken famous digital transformation (DT). In such a context, the syntax DT is not placed in the organizational context, which is widely challenged in its real meaning and operationalization, but rather in terms of paradigmatic economic-social transformations triggered by digital technologies.

A NEW DIGITAL AGE AND A DYNAMIC NEW PARADIGM OF CAREER CHANGE

Unlike previous industrial revolutions where STEM-based (today also called STEAM, with the injection of "art") competencies were once dominant and desired, the 4IR requires a completely different set of competencies from performers, talents, and leaders. It is all about creative thinking and problem solving, agile learning, developed teamwork skills, and interdisciplinary action, presented in the figure below.

Jack Ma (ALIBABA) recently announced that he would withdraw from corporate business and return to teaching, but this time Jack thinks he could deliver from a completely different perspective. He claims that we should not teach our children the traditional way, because machines will very soon become more efficient

and outperform us. As a response, we need to begin developing particular sets of skill within our younger population, skills which must include the arts, sports, and music, especially among members of the Y and Z generations.

Nowadays, especially within the technological sector, every 2-3 years a de facto new set of knowledge needs to be adopted, because traditional sets are no longer applicable nor do they create business value. Therefore, we need to be aware of this situation and perpetually gear ourselves for the future by embracing the philosophy of continuous change. The old working paradigm presumed linear career development until retirement, with possibly minor lifelong changes and oscillations. Today's dynamics of change are pushing towards a completely differentiated pattern of behavior, which presents itself as a nonlinear and stochastic curve. It practically does not terminate with "tranquil retirement", but in that human age it calls for additional activities, some of which are related to business. Unlike the sequential waterfall process of learning which is characteristic to old paradigm that the intensity of learning would eventually significantly decrease, the new paradigm imposes on us a continuous process of lifelong learning. This paradigm shift is already dominating our private life and is particularly challenging when we are engaged to act as business and professional leaders. So what do we do now!?

THE NEW FUTURE E-LEADERS

The paradigm emerging in search of the optimum profile of a future leader, which has also been recognized by the European Commission, is an e-leader. According to the latest theoretical and practitioner approaches, the e-leader is not only a person who leads and manages business or public-sector organizations by using technology. It primarily represents an individual who is capable of leading a business with a boldly developed interdisciplinary cocktail of business savvies, which are then interlaced and combined with digital technologies and strategically oriented savvies (figure 3.) If we observe the latest released list of the 10 most desirable occupations (year 2022) projected by the World Economic Forum, we will easily notice that almost all of them require a noticeable degree of savvies that characterize the e-leader. Therefore, creating highly ethical future e-leaders may just be the answer.



CYBER AND PHYSICAL CONVERGENCE IS CREATING NEW ATTACK OPPORTUNITIES FOR CYBERCRIMINALS

By Tomislav Tucibat, Major Accounts Manager Adriatics, Fortinet



RECENTLY, Fortinet announced the findings of its latest quarterly Global Threat Landscape Report.

The research reveals that cybercriminals are constantly evolving the sophistication of their attacks—from continuing to exploit the vast insecurity of IoT devices, to morphing open source malware tools into new threats. For a detailed view of the Threat Landscape Indices for exploits, botnets, and malware as well as some important takeaways for CISOs, read the blog. Highlights of the report follow:

- **Exploit Index All-time High:** According to the Fortinet Threat Landscape Index, cybercriminals remained hard at work even during the holiday season. After a dramatic start, the Exploit Index settled in the latter half of the quarter. While overall cyber adversary activity subsided slightly, the number of exploits per firm grew 10%, while unique exploits detected increased 5%. At the same time, botnets become more complex and harder to detect. The time for infection of botnets increased by 15%, growing to an average of nearly 12 infection days per firm. As cybercriminals employ automation and machine learning to propagate attacks, security organizations need to do the same to combat these advanced methods.
- **Monitor the Monitoring Devices:** The convergence of physical things and cybersecurity is creating an expanded attack surface, one that cybercriminals are increasingly targeting. Half of the top 12 global exploits targeted IoT devices, and four of the top 12 were related to IP-enabled cameras. Access to these devices could enable cybercriminals to snoop on private interactions, enact malicious onsite activities, or gain an entry point into cyber systems to launch DDoS or ransomware attacks. It is important to be aware of hidden attacks, even in devices we use to monitor or provide security.
- **Tools Open to Anyone:** Open source malware tools are very beneficial to the cybersecurity community, enabling teams to test defenses, researchers to analyze exploits, and instructors to use real-life examples. These openware tools are generally available from sharing sites such as GitHub, and as these are available to anyone, adversaries can also access them for nefarious activities. They are evolving and weaponizing these malware tools into new threats, with ransomware comprising a significant number of them. An example where openware source code has been weaponized is the Mirai IoT botnet. An explosion of variants and activity continues to be catalogued since its release in 2016. For cybercriminals, innovation continues to be the land of opportunity.

- **Keeping an Eye on Operational Technology:** With the ongoing convergence of Information Technology (IT) and Operations Technology (OT), a year in review shows the relative change in prevalence and frequency in attacks targeting industrial control systems (ICS). Unfortunately, most attacks gained ground on both scales of volume and prevalence. A cyberattack that successfully targets an OT system could result in devastating physical consequences to such things as critical infrastructure and services, the environment, and even human life.

THE NEED FOR INTEGRATED AND AUTOMATED SECURITY

The threat data in this quarter's report once again reinforces many of the threat prediction trends unveiled by the FortiGuard Labs global research team. To stay ahead of the ongoing efforts of cybercriminals, organizations need to transform their security strategies as part of their digital transformation efforts. A security fabric is needed to span the entire networked environment, from the IoT endpoint to multi-clouds, to integrate each security element to address today's growing threat environment and to protect the expanding attack surface. This approach enables actionable threat intelligence to be shared at speed and scale, shrinks the necessary windows of detection, and provides the automated remediation required for today's threats.

REPORT AND INDEX OVERVIEW

The latest Fortinet Threat Landscape Report is a quarterly view that represents the collective intelligence of FortiGuard Labs drawn from Fortinet's vast array of global sensors during Q4 2018. Research data covers global and regional perspectives. Also included in the report is the Fortinet Threat Landscape Index (TLI), comprised of individual indices for three central and complementary aspects of that landscape, which are exploits, malware, and botnets, showing prevalence and volume in a given quarter. The report also examines important zero-day vulnerabilities and infrastructure trends to add context about the trajectory of cyberattacks affecting organizations over time.



report

THE PSYCHOLOGY OF UX DESIGN

By Elmas Okić, Partner, Hexis d.o.o.

THE HUMAN BRAIN IS LAZY, biased, and prone to shortcuts. Many processes in the brain occur automatically and without the involvement of our consciousness[1]. Even several seconds before we consciously make a decision, its outcome can be predicted from unconscious activity in the brain. This behaviour evolved to prevent our mind from overloading with simple, routine tasks, but it does present designers today with many challenges.

You may like to think users will read the content on your website, take the time to navigate and explore, fill out any form you throw at them or click your call-to-action buttons. In practice, however, you'll find often the opposite to be the case. According to Dr. Fogg's Behavior Model, behaviour happens when a person is motivated, has the ability to partake in the behaviour, and is presented with a trigger. In addition, motivation and ability can be traded off (i.e., if motivation is very high, ability can be low and vice-versa). In practice, we observe users skimming content and pausing to read only if triggered by certain words or headlines[2], as well as users filling out difficult forms only when they highly desire its outcome.

EMOTIONS AT THE CENTER

Emotions are at the core of a good user experience, and for very good reason. Positive experiences kindle our curiosity, and negative ones protect us from repeating mistakes. Humans form emotional connections with objects on three levels: the visceral, behavioural, and reflective levels. Fear plays an essential role in our decision making, most often by preventing decisions during the buying process. People buy when they feel confident of their decision. Rather than just making logical arguments to persuade users, you are more likely to succeed by appealing to their emotional side and reassuring them. Users can be sceptical about the quality of your product, service, checkout security, etc.

WHY SHOULD YOU CARE?

Companies like Google, Facebook, Apple, etc. invest a lot of resources for researching and optimizing their products to reduce complexity, cognitive load, etc. A great example of subconscious design is how Facebook loads and displays the notification badges way before any other content. A bright red badge catches user's attention instantly and impacts their behaviour before they even have time to think about it.

Times are changing as well. We are increasingly mobile, busy, and less patient. A distracted user on a mobile phone in a busy street means less attention and more mistakes. Reducing cognitive friction and forgiving mistakes (e.g. in typing) becomes more important than ever.

WHAT CAN YOU DO?

All this talk about psychology and neuroscience sounds fancy, but it's not hard for you to benefit from it. A lot of research by experts has already been done and many design patterns emerged and established themselves in the industry. A good User Experience Designer will be familiar with best practices and know how and which ones to utilize. For larger companies, UX Researchers can dive deep into research and testing specifically for their niche.

Focus on simplicity. In a study by Google conducted in August of 2012, researchers found that not only will users judge websites in less than the blink of an eye, but also that "visually complex" websites are consistently rated as less beautiful than their simpler counterparts[3]. Another tip is to avoid showing all information up front. Too much information can quickly overwhelm users. Hyper-focus your content and conversion funnels to reduce cognitive friction. This is especially useful on mobile devices, where screen space is limited.



KEY TAKEAWAYS:

- Focus on simplicity
- People don't want to work or think more than they have to
- Hyper-focus your content and conversion funnels
- People skim through content/headlines
- People are easily distracted
- People make mistakes
- Reassure users during checkout

¹ Max-Planck-Gesellschaft (2008) "Decision-making May Be Surprisingly Unconscious Activity."

² Nielsen-Norman Group (1997) "How Users Read the Web."

³ Google/YouTube User Experience Research (2012) "The role of visual complexity and prototypicality regarding first impression of websites."

WE HAVE A GENERAL IDEA, BUT WHAT DOES THE FUTURE REALLY HAVE IN STORE?

By Martina Špiljak, Manager-Search and Selection, Career and Organizational Development, Adecco Hrvatska d.o.o.



TODAY we are facing significant transformations across all industries. The phrases you can see, read, and hear most often are transformation, digital takeover, automatization, robots, Internet of Things, Artificial Intelligence, Virtual Reality - is this all really happening, or is it just another futuristic prophecy?

The truth is that we ARE in the middle of the Fourth Industrial Revolution, whether we accept it or not. It has started

to change the way we work, communicate with each other and with our customers/clients, how we utilize services and products, our mobility, etc.

So, will software and robots take over our jobs and businesses?

Let's take a closer look at what is going on and these predictions that are starting to become a reality, even while you read this article.

TRANSFORMATION

Technology has changed the boundaries of every workplace in many ways. Although we can still remember a time when we were stuck in the office, today's employees are not limited in such a way. Office resources that were once a commodity limit us in many ways. Employees nowadays desire and demand to work from anywhere – thanks to smartphones, intuitive apps in the Cloud, and fast WIFI networks, we are very flexible.

This Fourth Industrial Revolution is creating new workplaces – remember how many times you were driving to work and checking e-mails, messages, replying to your clients, delegating work at the same time? Do you see that transformation is here? It has already changed the way we work, how we advertise our products and services to our customers and clients, and how we connect to each other.

AUTOMATIZATION

The big question always posed is – what will be the role of people in a highly automated world? What competencies (skills, experiences, knowledge) will be appreciated the most and how can one acquire them? Will my workplace disappear altogether?

People were always concerned that many workplaces would be lost because of industry changes. Just remember what happened last time with the Third Industrial Revolution (which began in the 1970s). Employees thought that computers would take over all workplaces and there was a strong resistance to using them. Today, you cannot imagine your job without using a computer. The jobs are still

here, but employees are more productive, can collaborate easily, and many business processes are automated without human assistance.

Remember: each industrial revolution brought a higher quality of life and better working conditions. History has shown that we tend to exaggerate. With change always come new workplaces, new ways of working or employment, and many new opportunities as well.

Some headlines scream that 40% of workplaces will disappear within the next 10-15 years because of automatization. That technology like robots, artificial intelligence, big data, and the Internet of things will replace not only the workforce, but even 'mental force'.

What all this research is not telling you is that jobs which demand a high level of entrepreneurship or creative and social competencies will be very resistant to change brought on by technology.

The notion that 40% of workplaces could apparently disappear may be alarming, but there will be new opportunities that will come along with artificial intelligence and the Internet of things.

The growth of artificial intelligence resulted in the opening of new positions such as "data scientist" or "machine learning engineer". The number of open workplaces doubled between 2016 and 2018.

According to Gartner's research, the future is quite bright. In 2017, conducted research discovered that artificial intelligence will create completely new workplaces by the end of 2020.

According to Gartner's predictions, artificial intelligence actually improves human capacities in more cases than it replaces them. It improves productivity in a way that affects business growth and higher employment.

Their example is the automatization of healthcare: it will bring better connection, advanced analytics, and quality growth.

In healthcare, some of the companies are using robots for simple manual jobs, and people are programming and servicing them. In Walmart, robots are cleaning superstores after closing hours. Alibaba is using robots in warehouses for efficient package sorting.

In the age of automatization, will traditional universities cease to exist?

The future of learning will be important for the lack of technology skills. Artificial intelligence and machine learning will certainly transform learning in schools and universities.

In education, you can see e-platforms offering multimedia experience to students, connecting teachers with students from all over the world. Artificial intelligence can improve studying, by better adapting and personalizing the learning experience.

There is no doubt that we can expect an agile, highly automated future for all of us. It will affect all industries and all workplaces for the better. The future is bright!

report

WHAT ARE INNOVATIONS AND HOW CAN YOU TAKE PART IN THE COMPETITIVE BUSINESS ENVIRONMENT?

By Sandra Dudaš, Project Manager, Tiko Pro d.o.o.

THE IMPACT OF GLOBALIZATION, migration, and technological revolution facilitates investments in research and development (R&D), whose ultimate goal is innovation. Novelty solutions are key to success in the huge market competition and dynamic business environment, as they bring added value to a company.

Innovation means the development of ideas that lead to new products, processes, or services, and the OECD distinguishes four types of innovation: an innovative product, an innovative process (technological innovation), marketing innovation, and innovation organization. The most important element of any innovation is to bring your idea to the market, which positively influences your overall business growth and brings benefits to society as a whole.

In order to understand the meaning of novelty, we need to recognize the importance of some of the basic concepts related to innovation. Each innovation process is tied to research and development with clearly defined goals. According to the Croatian Strategy of Smart Specialization, R&D activities imply systematic, creative work in order to increase knowledge about nature, people, culture, society, and the practical application of this knowledge.

It is important to note that R&D activities relate to the so-called "Technology Readiness Level" (TRL) with a total of 9 levels. The basic idea of innovation is always at the beginning of the scale, while the setup of commercialization strategy begins in TRL 8-9. Thus, the higher the development stage of innovation, the higher the TRL level.

The European Union focuses on the importance of innovation and puts it at the heart of its Europe 2020 strategy, aware that innovation is a major

source of growth, development, and job creation. The focus of the Europe 2020 strategy is on critical social issues: mobility, climate change, renewable energy, health, quality of life, and security. Consequently, numerous calls for proposals are available to encourage entrepreneurs to participate in research and development projects, such as under Horizon 2020 program with ongoing funding opportunities published on the website of the program.

In February, the call for start-up proposals – "Innovations of Newly Established MSPs - Phase 2" – was published in Croatia, with a co-financing rate of 85% of all eligible costs related to the products, service, process commercialization.

In the next few weeks, we can expect the "Innovation in S3 Areas" call for proposals, with an indicative co-financing of up to 50% of all eligible costs, with the maximum amount of support being cca. 270,000.00 EUR. A major R&D call will also open in May, with possibilities to form partnerships with other institutions, which is extremely important for innovation projects. The expected co-financing rate is up to 100% of all eligible costs, depending on your TRL stage.

The importance of innovation goes beyond the business framework of an entrepreneur – it brings changes to the economy and society as a whole, so get ready and embark on the realization of your innovative idea.



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Lošinj Hotels&Villas (LH&V) is a hotel brand of Jadranka Hotels LTD. which operates 6 hotels and 11 restaurants, as well as villas and apartments located in the most attractive locations on the island of Lošinj, with a capacity for more than 3,500 guests. Guests can choose between several 5* and 4* hotels, such as the Bellevue Hotel, the Hortensia Villa, the Alhambra Boutique Hotel, and the Augusta Villa in Čikat Bay, featuring a unique 5* premium offer, and the Punta Vitality Hotel, the Aurora Hotel, and the Vespera Family Hotel, which meet different guest requirements with their 4* level niche offers. In addition to accommodation and catering facilities (11 superb à la carte facilities), Jadranka hoteli d.o.o. manages the organization of excursions and entertainment and sports activities, offering customers an integrated, modern product for their leisure time.

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Kelteks is a company that uses advanced technologies to produce meshes and fabrics out of carbon, glass fibers, and basalt.

With its long-standing experience, the company has grown into a proven provider of composite materials for sports, automotive, and maritime applications. In the construction industry, Kelteks participates in the development of textile reinforcement for concrete, which, due to its outstanding performance, makes a significant contribution in realizing innovative projects. The application of technical textiles has one aim – to be a reinforcement. Kelteks, along with research teams, has realized numerous projects - including a famous one – the Bosphorus Bridge in Istanbul which links Asia and Europe, making it an important strategic transport route. Motivated employees, agility, and competences ensure top quality of products and services. Since 2014, the solidian GmbH participates in the ownership structure of Kelteks, which is now a member of the Groz-Beckert KG group from Germany.

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Schneider Electric is leading the digital transformation of energy management and automation in homes, buildings, data centers, infrastructure, and industries.

With a global presence in over 100 countries, Schneider is the undisputable leader in power management – medium voltage, low voltage and secure power, and in automation systems. We provide integrated efficiency solutions, combining energy, automation, and software. In our global ecosystem, we collaborate with the largest partner, integrator, and developer community on our open platform to deliver real-time control and operational efficiency. We believe it's great people and partners that make Schneider a great company and that our commitment to innovation, diversity, and sustainability ensures that life is on everywhere, for everyone, and at every moment.

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Schoenherr, together with independent Croatian lawyers, began its activities in Croatia in 2001. Initially with a strong focus on M&A, the team profited from the thriving economic activity in Croatia at the beginning of the millennium.

Schoenherr was involved in most of the headline deals, including privatizations in the insurance and energy industries (gas utilities), private to private transactions in the insurance and banking sectors, and foreign investment in the pharmaceuticals and food trading industries. Building on this early success, Schoenherr has acted for many of the large real estate investors attracted to Croatia in recent years. In line with market developments, the office has recently been involved in M&A transactions in the oil & gas, telecoms, banking, and security systems and services industries, and has rapidly expanded its banking & finance practice. Schoenherr collaborates with law firms Vlahov Buhin & Sourek d.o.o., Mandarić & Einwalter j.t.d. and attorneys at law, which cooperation complies with local laws and bar rules.

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Adcubum d.o.o. is a company founded as a greenfield investment in the Republic of Croatia and a basis for the startup and development of a software solutions development center in Zagreb, which opened in November 2018. In the next five years, the company is planning to employ a total of two hundred IT experts that will, work on further developing the company's key software product for the insurance industry Adcubum SYRIUS, as well as on new applications and data analytics modules. The decision on investment is a result of the Swiss mother company significant growth of demand for software solutions it offers on the market and a need to find additional expert employees. After initially assessing forty cities, six made the short list, with Zagreb chosen because of its very professional IT experts, knowledge of foreign languages, good cultural fit, and support of government institutions. The investor company Adcubum AG's specialization is business software solutions targeted at big and small insurance companies, while its business target is to become the leading digital insurance solutions provider in Germany, Austria, and Switzerland.

SMALL BUSINESS

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ALPHA CAPITALIS is engaged in providing finance, audit, accounting, and tax services.

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Tungfram is a leader in the development and production of lighting technologies, with a track record of successfully executed projects worldwide.

Originally established in Hungary in 1896, Tungfram has been part of the General Electric group from 1989 to early 2018. It has now become independent again and entered an exciting new phase in its history with the acquisition of GE Lighting's Europe, Middle East, Africa and Turkey business along with the global automotive operations. We will drive forward the design and development of all kinds of light sources, from traditional technologies to state-of-the-art LED products, as well as working on advanced solutions in areas such as human centric light, energy optimization light, energy optimization and system intelligence, securing Tungfram's position as a global force.

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"Enhancing employee potential enhances organizational performance"

EpicConsulting accompanies organizations in fully integrating their human resource capital across teams and levels. Process Facilitator and Human Systems Specialist Jean-Pierre specializes in group dynamics and optimizing interdependence. He co-creates work cultures that encourage individuals to speak candidly, act purposefully, and work collaboratively.

Teams working with Jean-Pierre improve vital critical thinking and communication skills. Relationships solidify. Trust builds. Engagement grows. Resilience strengthens. Innovation flourishes. Productivity increases. Complexity and uncertainty are met with resolve. A solution-focused and strength-based learning community develops. With degrees in International Business and Counseling Psychology and 16 years of experience in leading people, Jean-Pierre harnesses a team's full capabilities. He is an author, speaker, blogger, and is trained in conflict resolution, negotiation, and mediation.

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EuroNavigator Ltd is a public affairs agency based in Zagreb and Brussels. We specialize in European public and regulatory affairs, EU funds, investor relations, advocacy campaigns, and business to government communications. Our network of experts spans from Brussels to every capital city in the Western Balkans, making us the perfect bridge between the center of the EU and South East Europe. Our team is comprised of professionals with extensive experience in public relations and marketing, business management, policy development and legislation, domestic and international politics including former state officials such as ministers, deputy ministers, members of parliament, MEPs, as well as high-level civil servants. With our unique background and understanding of complex political, economic, and cultural context of South East Europe, we provide our clients with comprehensive analysis and tailor-made solutions aimed at optimal utilization of financial, legal, and policy framework.

»» GRAND OPENING OF THE ANNUAL "NIKOLA TESLA - GENIUS FOR THE FUTURE" COMPETITION



On the 29th of January, the "Nikola Tesla" Technical Museum in Zagreb hosted the opening ceremony of the yearly competition for the famous "Nikola Tesla - Genius for the Future" Award. The non-profit organization "Nikola Tesla – Genius for the Future" organizes the competition, which consists of three different categories. The first one is the quiz, in which the competitors have to showcase their knowledge of physics and facts concerning the life of Nikola Tesla. The second category is designing a creative and innovative product or souvenir representing the life and work of Nikola Tesla. The third category is coming up with a project in one of the following fields: environmental protection, renewable energy, education and tolerance. The winners will be announced on the 10th of July at Zagreb's Hotel Esplanade, as part of the three-day "Tesla & Friends" event, which is organized annually by the "Nikola Tesla - Genius for the Future" organization. After the Mayor's representative, Mr. Goran Šarić, officially declared the start of the competition, the attendees had the opportunity to hear an interesting panel discussion titled "An Innovative Approach to Environmental Preservation and Raising Quality of Life". The panel consisted of many experts in the field, including a foreign scientist and many Croatian business leaders, who concluded that the world should be privy to many of the yet undisclosed patents and inventions of Nikola Tesla. His brilliance was way ahead of his time, and it is astounding how many of his innovations could solve some of today's most pressing global problems, ranging from nuclear waste disposal to renewable energy. The experts also agreed that the Croatian educational system should implement a more detailed and direct approach to learning about Tesla's ideas, which would ultimately motivate students to expand their interests and encourage their creativity.

»» NEW PARTNER AT LAW FIRM BARDEK, LISAC, MUŠEC, SKOKO IN COOPERATION WITH CMS REICH-ROHRWIG HAINZ

With Marija Zrno's appointment at the beginning of the year, this Zagreb law firm has gained a new partner with expertise and experience in corporate, competition, and data protection law. With seven years of dedicated service already to her name, the law firm will continue to benefit from her knowledge of both national and European law, as well as her ability to advise on a broad range of issues.

"Marija Zrno is an absolute dream candidate for any law firm," said Gregor Famira, a CMS partner in Vienna. "In both 2017 and 2018, she was listed by LEGAL 500 as one of the 'Next Generation Lawyers'.

We are therefore all the more delighted that she will be continuing her career with Bardek, Lisac, Mušec, Skoko in cooperation with CMS Reich-Rohrwig Hainz." Her career began in 2011 as an associate and she has been an important member of the corporate and competition team since then. As a senior associate, she played a successful role in virtually all the M&A transactions assisted by the law firm. These include the OTP Bank Group's acquisition of the fifth-largest bank in Croatia - Croatia's largest M&A deal and merger filing in 2017. She has also contributed substantially to developing the areas of data protection law and compliance practice in general.

Over the last few years, Marija's focus has been on developing data protection and compliance practice. She has headed data compliance projects for some of the leading retail companies in Croatia and is regularly invited to lead seminars on data protection and compliance by various trade organizations/forums.

Marija Zrno obtained her law degree from the University of Zagreb; she also studied European law at the College of Europe in Bruges.



»» WOMEN'S PERSPECTIVE PROJECT

The Coca Cola Foundation, which supports community projects around the world, has backed a project encouraging female entrepreneurship in the eastern part of Croatia with USD 250,000. For the past few years, Slavonia and Baranja, two underdeveloped regions in Croatia, have witnessed the growing emigration of young people. The goal of the Ženska perspektiva (Eng. Women's Perspective) project, launched by the Perspektiva Association, is to empower 65 women through seminars and workshops on the knowledge and skills crucial for being a successful entrepreneur, and to encourage them to either develop further or start their own projects, family-run farms, and crafts.

Even though women in these underdeveloped parts of Croatia have shown an interest in and potential for launching entrepreneurial initiatives, they are faced with a number of obstacles, including a small, local market and lack of initial capital, an issue that women across the country are forced to contend with. With Women's Perspective, Coca-Cola is helping female entrepreneurs adopt and develop market thinking, gain the necessary knowledge, acquire both the entrepreneurial and social skills necessary to be successful in business, and gain the prerequisites to apply for measures in the Rural Development Program. The 65 female entrepreneurs chosen to participate in the project come from seven different counties: Virovitica-Podravina, Brod-Posavina, Vukovar-Srijem, Bjelovar-Bilogora, Požega-Slavonia, Sisak-Moslavina, and Osijek-Baranja. They are involved in various businesses, including farming, various types of agro-tourism, handicraft, and manufacturing traditional souvenirs and household products, thus preserving Croatia's culinary tradition and cultural heritage.



The project will be implemented over a period of two years, comprising lectures and workshops, as well as an exchange of experiences with other female entrepreneurs. In late October, for instance, female entrepreneurs from Slavonia visited Istria, where they learned firsthand from their Istrian colleagues how to increase sales and expand onto a wider market. Furthermore, the women involved in the Women's Perspective project sold their homemade food, handicrafts, traditional souvenirs, and household products at the Osijek Advent Fair.

»»» FINAL WORKS ON A STATE-OF-THE-ART LOGISTICS CENTER IN THE REGION



By building a new sorting center, the Croatian Post is aligning itself with the trends of the global postal market. This state-of-the-art logistics center responds to modern logistics challenges – the number of packages in the postal industry

is experiencing continuous growth of up to 30% annually. This is the largest capital investment in the history of the Croatian Post, worth around USD 53.3 million (HRK 350 million), and it will improve the quality and speed of all postal processes. In the new sorting center, we will centralize a variety of systems, such as the sorting of shipments, transportation, and international deliveries. This will result in the improved sorting and shipping of packages for users.

Because of the introduction of new technologies for handling shipments – that is, because of the implementation of a sorting system with the highest degree of automation and information technology – considerable attention is paid to organization and layout. In the first phase of construction, we will have completed a sorting station with support, a high rack warehouse, substations, a boiler room, and the data center.

For the improved sorting and delivery of shipments, it is equally important to invest in sorting technology itself. In 2017, the Croatian Post has therefore implemented six new automated sorting systems. These are cutting edge systems, which, with extremely accurate sorting at a speed of 230 thousand shipments an hour, are ensuring timely delivery to required addresses. After the construction of the new sorting center, the Croatian Post will implement a new system for the automatic sorting of packages. This machine will allow us to sort up to 15,000 packages an hour, with weights ranging from a hundred grams to 30 kilograms.

With the Post 2022 Development Strategy, the Croatian Post is focusing on the development of business – improving business processes and innovation. In this, quality remains the greatest priority, the aim being to provide the best service and to be the best postal operator in the region. The strategy also includes entry into new markets and regional expansion, as well as a commitment to excellence, which is achieved only by developing the employee knowledge base.

»»» INVESTMENT-BASED QUALITY



To keep up with increasingly demanding business events, this year, once again, the Forum Zagreb Congress Center is investing in every aspect of its offer, as well as in the education of its employees, whose skills will be upgraded with various vocational training.

It is introducing new and better projectors, increasing Internet speed, and striving every day to offer its customers technological solutions to make their events more successful.

Following the global trend of consuming healthy and organic food, Forum Zagreb is introducing novelties to its Food & Beverages offer. In close collaboration with a famous Croatian brand of healthy food, Forum Zagreb will now offer a few more healthy surprises.

As the number of events is increasing with each coming year, this April Forum Zagreb will expand its space with two new halls – Iže and Dobrje – thus increasing the capacity of the center by approximately 160m² and 150 new sitting places.

Finally, but not less importantly, Forum Zagreb will give every client an added value – free marketing support, through promoting every event on its website and social networks like LinkedIn, Facebook, and Instagram.

»»» FORTINET SECURES THE PATH TO 5G

Fortinet, a global leader in broad, integrated, and automated cyber security solutions, today announces extensive capabilities for securing the path to 5G with its expansive breadth and depth of solutions for mobile core networks and cloud infrastructures, including its virtual SPU technology and advanced security and high-performance systems.

5G brings both opportunity and risk

The advent of 5G will extend a digital connection to almost every facet of our lives. In many of the somewhat futuristic-sounding new use cases, such as autonomous vehicles, AR/VR immersive experiences, smart cities, ultralow latency, bandwidth, and speed, delivery has been the missing puzzle piece. For years now, the mobile interconnection of all these things seemed inevitable, yet the massive density of connections, all with adequate speed, latency and related services, had so far remained unachievable in all but limited proof-of-concept testing. With 5G and the impending orders-of-magnitude advances in bandwidth, connection, and use case possibilities, there is opportunity for end-to-end innovation as the mobile infrastructure is transformed into



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a platform and a catalyst for value creation and service innovation. More than ever, mobile network providers will become secure business enablers. However, these innovations will also bring a corresponding increase in the potential havoc wrought by denial of service, advanced threats, and other forms of cyberattack on the core network infrastructure itself. Security is an imperative to protect and operate evolving 4G and new 5G mobile networks.

Fortinet 5G breadth and depth capabilities

Fortinet offers strategic security solutions specifically designed to address the unique challenges facing operators as they migrate their core networks to deliver 4.5G and 5G mobile services. It offers the ability to build a security framework that helps optimize cost of launching and operating new services and revenue opportunities, mitigate advanced threats, and achieve service level goals. Service providers can realize this by utilizing Fortinet advanced security and high-performance systems.

>>> PWC CROATIA'S BUSINESS RECOVERY SERVICE TEAM IS READY



At the beginning of 2019, a group of Business Recovery Service ("BRS") professionals, led by Slaven Curic, joined PwC Croatia. Our BRS team is experienced in performing a full scope of services in corporate restructurings, from initial stabilization and financial restructuring to operational restructuring and strategic realignment, especially in the area of implementation of restructuring plans. Restructuring capabilities require skills that are not always readily available within most organizations. Furthermore, the individuals engaged in restructuring programs

often tend to forget that a company continues to operate in a changing market, with customers looking for better products, competition getting stronger, and technological advances. Our team, with their professional background as CEOs, CFOs, COOs, and CSOs, has significant experience in transforming under-performing companies into performing ones, while taking into consideration the requirements of everyday operation. Coupled with the relevant industry experience of the PwC network, our team ensures that the restructuring process prepares companies to be competitive in tomorrow's market.

>>> THE FOCUS OF HBOR'S OPERATIONS IN 2019

In 2019, the Croatian Bank for Reconstruction and Development (HBOR) will pay particular attention to EU funds. The funds made available under the ESIF financial instruments will be primarily used, as they enable lending under favorable terms and conditions without the usual bank fees being charged.



HBOR intends to provide support for entrepreneurs and public enterprises through five types of ESIF loans in 2019. Three of them have already been implemented, of which the most attractive instrument for entrepreneurs is ESIF Growth and Expansion Loans. Under this instrument, long-term investment loans are extended to small and medium-sized enterprises that have been operating for at least two years and that plan to invest in the processing industry, tourism, creative industry, or knowledge-based services.

In the first half of 2019, HBOR will launch rural development investment loans intended for SMEs in the agricultural sector, and the private sector can expect energy efficiency loans in the second half of 2019. Under these credit lines, a zero percent interest rate will be charged on one half of the loan amount, whereas the rate to be charged on the other half is to be determined by a commercial bank.

The novelty in HBOR's support is the ELENA program, the implementation of which is expected to take place in the second half of 2019. The program is an opportunity to provide free technical assistance for the preparation of project documentation for energy efficiency projects. Technical assistance provided by ELENA relates, among others, to the preparation of feasibility study and design, market research, program design, business plan design, and energy audits.

Also planned is the financing of investments in equity from EU funds through the Venture capital fund for start-up companies, for which EUR 41.8 million are envisaged, whereas for large companies through the private equity fund with a budget of EUR 70 million (HBOR will participate with an amount of EUR 35 million). The start of the program is envisaged at the end of the year.

The implementation of current programs will be continued, and the most important novelty for exporters is that a new export credit insurance program for working capital is being prepared. It is also important to point out the plan of redesigning, reducing the number and simplifying of the loan programs in order to make them more efficient and easier for understanding to entrepreneurs and for the submission of loan applications.

>>> DOCTOR OF BUSINESS ADMINISTRATION AT ZSEM

The Zagreb School of Economics and Management (ZSEM) offers the part-time Doctorate in Business Administration (DBA) program in collaboration with Sheffield Business School (SBS), one of the main faculties at Sheffield Hallam University (SHU) in Sheffield, UK.



On the international education scene, business schools are always faced with growing challenges of how to make their programs more applicable to their students' future careers and how to bridge the gap between what is being taught in schools and what is being done in the business world. ZSEM takes this challenge seriously. ZSEM' undergraduate and graduate programs have been created, and are continuously being revised and updated, based on input from both business community and our faculty, to ensure that our graduates have up-to-date knowledge and the skills needed to integrate into an international workforce.

"Last year, ZSEM added a doctoral program in business administration to their program portfolio. The doctoral program is being delivered

jointly with our partner Sheffield Hallam University (SHU) from the United Kingdom and Munich Business School in Germany, making it a truly international experience. We are very proud that the first cohort of our students has completed their first year of studies and is now well into their second year. At the moment, ZSEM is enrolling students for the second generation of the DBA program scheduled to start in May 2019, and we are happy to announce that we have so far gathered an internationally very diverse group, with candidates coming from Croatia, US, India, and Egypt," said Borna Jalšenjak, PhD, a faculty member involved in the DBA program.

The DBA being offered by ZSEM and SHU is designed to enable doctoral candidates to balance their careers and at the same time successfully study towards a doctoral degree in business. The DBA is a part-time program lasting for four years, during which candidates take part in four learning modules. Because the DBA is designed as a part-time program aligned with candidates' work obligations, the learning modules are organized as one-week seminars. Taught elements are delivered using a range of input from senior academics in terms of guest lectures, workshops, seminars, and a taught framework in which to contextualize and locate the information provided. Out of four such events which comprise the first phase of the program, three of them are held at venues in Croatia, and one is held in Sheffield.

»»» COLLIERS INTERNATIONAL - 15 YEARS IN CROATIA



Colliers International is a top tier global real estate services and investment management company with more than 17,000 skilled professionals operating in 68 countries.

Colliers in Croatia is celebrating its 15th birthday, also how long they have been the market leader in the markets they cover - Croatia, Slovenia, and Bosnia and Herzegovina. The adaptability of their business model has helped them build strong expertise and provide their clients with exceptional advisory support for various real estate and investment segments: retail and office market, industrial and logistics market, mixed-use projects, investment market, as well as hotels, resorts, and luxury residences. In these 15 years of presence on the Croatian market, the numbers speak for themselves – Colliers has completed numerous projects for local, regional, and international clients:

- Advisory services for the development of projects comprising of 60 million SQM
- Valuation reports for 120 million SQM
- Investment advisory for project of more than EUR 3 billion
- Investor representation services for 8 million SQM of commercial projects
- Tenant and landlord representation services for 100,000 SQM

Colliers' experts work in a knowledge-intensive and relationship-based business. The dedication of their experts has been confirmed by the "Five Star Property Award" in the "Best Property Consultancy" category at the Europe Property Awards - one of the most acclaimed industry awards in Europe - that Colliers Croatia received for the second time in a row. Also, in 2018 they won the "Best International Power Broker Team in SEE" award by CIJ, CEE & SEE Europe's Real Estate digital and print news provide.

The strategy of their business will stay focused primarily on doing the right thing for clients, people, community, and shareholders every single day. With their professional and altruistic approach, engagement in education and mentoring, promoting transparency and international business standards, Colliers will continue to make Croatia a better place to do business.

»»» ALGEBRA GROUP HOSTED U.S. AMBASSADOR

The ALGEBRA Group continues its tradition of organizing visits by respectable guests and we are proud that His Excellency Robert Kohorst, Ambassador of the United States of America to the Republic of Croatia, paid the Group a visit in mid-March 2019. The Ambassador gave an inspiring short speech to numerous students, representatives of ALGEBRA management and Kelly Business Scholl Professors, as well as to the general public and representatives of the start-up scene in Croatia. The underlying discussion topic was doing business in the US and comparing these with current Croatian practices, particularly in the start-up and digital contexts. One of the strongest messages that Mr. Kohorst launched is not to be afraid of failure. Also, when asked where he would strategically place the brand new next innovative eco-textile production site, the answer was clear and straightforward – "in Croatia"!

As part of the program portfolio at the ALGEBRA University of Applied Sciences, the first generation of more than 30 miniMBA students have started their education journey. In their half-year long education cycle, a tailor made miniMBA executive program aims to increase the leadership and management skills of the organizations' mid-level talents. The program also includes basics contexts of the digital economy field. The next second generation is expected to start their education cycle in September 2019.

ALGEBRA's third generation of academic e-leadership MBA program students has started their two-year long education program. As per roster from the very beginning, they've got an opportunity to attend several classes delivered by Indiana University, Kelly Scholl of Business professors, which gave them a motivating and highly elevated quality initial boost. Enrolment for the fourth-generation class has just begun, starting with the Leadership Talent Tournament event in May 2019.



Member to Member Discounts



FOR FULL DETAILS ON DISCOUNT PROGRAM AND CONTACT INFO, PLEASE SEE AMCHAM'S 'MEMBERS ONLY' WEBPAGES

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- »» VALAMAR RIVIERA d.d.
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- Udruga 'Nikola Tesla - Genij za budućnost'
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- EuroNavigator d.o.o.
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- KPMG Croatia d.o.o.
- Kulić i Sperk Revizija d.o.o.
- LQ d.o.o.
- McKinsey & Company, Inc. Croatia
- Metroteka d.o.o.
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- PricewaterhouseCoopers d.o.o. (PwC Croatia)
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- RIT Croatia
- Visoko učilište ALGEBRA
- Zagrebačka škola ekonomije i managementa

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- Erste Card Club d.o.o.
- Hrvatska banka za obnovu i razvitak
- Hrvatska poštanska banka d.d.
- MasterCard Europe - Podružnica Zagreb
- OTP banka d.d.
- PBZ Card d.o.o.
- Raiffeisenbank Austria d.d.
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