Croatia

Target market report for the export of GB seed potatoes

July 2002

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1. SUMMARY OF THE ENQUIRY

1.1 The British Potato Council have commissioned this research through Business Link London to identify contacts for Ware and Seed Potatoes on the Croatian market.

2. METHODOLOGY

2.1 A list of potential wholesalers/distributors was drawn up from the Embassy's database, local business directories and from the Croatian Chamber of Economy database. The companies were contacted by telephone to assess whether they would be interested in co-operation with British Potato Council

2.2 In the course of research 20 companies were contacted, however, only seven of them were interested in potential co-operation. Contact details of those companies that expressed an interest to communicate with the British Potato Council are listed in the contact list (Par. 4.)

2.3 Meetings were also held with representatives of the Croatian Ministry of Agriculture responsible for regulation of potato market.

3. MARKET INFORMATION FOR THE PRODUCT

3.a. SIZE OF THE MARKET, POTENTIAL CUSTOMERS & DEMAND

Seed potatoes: Based on this research and communication with main Croatian importers/distributors and regulators of potato production, it became evident that imported seed potatoes from Netherlands and Germany dominate market.

Local production of seed potatoes is very small only 4 - 6 small producers are producing seed potatoes on 80 hectare. Total output of domestic seed production fulfils only 20% of market needs. As a result 80% of seed potatoes are imported to Croatia.

Government of Croatia (GOC) has plans to increase seed production, but question of profitability needs to be addressed. This issue will take time and in the meantime there are good opportunities for UK exporters of high-grade seed potatoes.

Market structure: There is a large number of ware potato growers with small production area. They are facing many problems. One problem is lack of warehouse facilities, another problem comes from undeveloped distribution channels and finally there is a limited number of processing facilities. As a result of this very often large number of potato growers have to dispose of their potatoes at the end of season. There is no central state purchaser and no quota system restricting a single buyer to buy total production. Vast quantities of ware potatoes are imported and prices of 1HRK (12P) per kg asked by local producers are much higher (almost double) then prices of imported potatoes. The main trading partners are again Netherlands, Germany and Belgium.

3.b. TECHNICAL CONSIDERATIONS

Croatia is a signatory to UPOV and other arrangements recognising Plant Breeders Rights. Most of the regulation in relation to Plant Breeding is in the process of re-design and already more then 75% of all regulations are in accordance with similar EU regulations (The aim is to reach 100%).

Imported seed (of good quality) can be multiplied as part of the seed classification scheme or as home saved seed.

The list of varieties grown in Croatia is as follows:

Varieties	Variety Rights	Maturity	Colour of skin	Flesh colour	Use
Agria	1985	Second Early	Yellow	Yellow	Table. Processing. French fries
Biserka	1996	Very late	Light-red, pink	Yellow	
Cinja	1983	Early	Yellow	Deep-yellow	Table
Colette	1995	First Early	Yellow	Light-yellow, buff	Table
Concurrent	1984	Early	Yellow	Light-yellow, buff	Table
Dalmatinka	1991	First Early	Light-yellow, buff	Light-yellow, buff	Table
Dobra	1994	Second Early	Yellow with red eyes	Yellow	
Filea	1993	Second Early	Yellow	Yellow	Table
Goran	1984	Medium late, maincrop	Light-yellow, buff	Light-yellow, buff	Table
Istra	1982	Early	Light-yellow, buff	Light-yellow, buff	
Jubiley	1959	Medium late, maincrop	Light-yellow-white	White	Table. Processing. Dried products
Laura	1998	Second Early	Red	Deep-yellow	Table
Lika	1980	Medium late, maincrop	Light-yellow, buff	Light-yellow-white	
Lyra	1987	Second Early	Yellow	Yellow	Table
Marabel	1993	Early	Yellow	Yellow	Table
Milva (D)	1998	Second Early	Yellow	Yellow	Table. Processing. Dried products
Nada	1993	Second Early	Light-yellow, buff	Light-yellow, buff	
Quinta	1990	Second Early	Yellow	Yellow	Table
Rosella	1991	Second Early	Red	Yellow	Table
Stanka	1989	Early	Light-yellow, buff	Yellow	
Tomba	1995	Late	Yellow	Light-yellow, buff	Processing. Starch
Vineta (D 1994)	1994	Early	Yellow	Light-yellow, buff	Table. Processing

National listing is centrally run by (Zavod za Sjemenarstvo i rasadnistvo. See para.4B) and takes 1 - 3 years depending on the type of the seed. It takes two years of trials for potato varieties to be national listed. ISTA rules are applied along with numerous laws and regulations regarding health and quality of seeds.

At present Croatia conducts independent research in relations to listings. The process of listing is the responsibility of the importer. The importer has to be registered with the Ministry of Agriculture and Chamber of Commerce. Regulations are restrictive especially regarding GM seed.

3.c. COMPETITION AND POLITICAL CONSIDERATION

Although the Dutch are dominating the market they do not hold exclusive distribution rights. Competitors are competing on all aspects of sales e.g. on price, quality.

The Dutch have large aid programme covering all aspects of Agriculture and farming. British aid programmes are limited and as a result more focused on assisting the Ministry of Agriculture to reorganise it's operation then on specific sectors.

3.d. TRANSPORT

It is difficult to give a precise answer on GB transport and delivery costs compared with costs faced by main competitors (German, Netherlands and Belgium). A fair assumption would be that difference in transport costs would not be great.

3.e. LANGUAGES/CULTURE

English is widely spoken and used more often in business correspondence. In the continental part of Croatia the second foreign language is German and along the Adriatic coast it is Italian.

Bribery is not essential for running a successful business operation in Croatia even though it sometimes happens. The GOC is constantly trying to decrease the level of bribery and is achieving results already.

4. CONTACT LIST

4.A. POTATO IMPORTERS

M-COM doo
10 000 Zagreb
Tel: +385 1 4833 778
Mobile: +385 98 202 310
Director: Mirna Skutelj

This company is already working with an UK potato producer and has expressed interest in representing more UK companies.

LITHOPS
Vilka Novaka 50c
42 000 Varazdin
Croatia
Tel: + 385 42 350 924
Fax: +385 42 350 985
Marija Habijan

This company was very keen to learn more about UK potato producers.

AGRARIACOOP PROIZVODNJA
Kelekova 7a
10 360 Sesvete
Tel: +385 1 2050 900
Fax:+385 1 2050 914
Director: Tomo Mesic

JAMATVA
Tina Ujevica 13
21 276 Vrgorac
Tel: +385 21 674 592
Fax: +385 21 674 092

MARCON
Krapinska 11
42 000 Varazdin
Tel: +385 42 331 811
Fax: +385 42 330 013
Director: Marko Santo

ZAVOD ZA KRUMPIR STARA SUSICA
Stara Susica 71
51 314 Ravna Gora
Tel: +385 51 819 667
Fax: +385 51 819 667
Director: Nikola Suljaga

ANTONIO TRADE
Put Vrbovnika bb
21 311 Stobrec
Tel: +385 21 324 998
Fax: +385 21 374 780
Director of potato import: Olgica Cavar

AGRICO
Tel: +385 40 646 155
Fax: +385 40 646 155
Director: Mr Mladen Matijacic

4.b. GOVERNMENT BODIES AND INDEPENDENT ASSOCIATIONS

Ministarstvo poljoprivrede i sumarstva (Ministry of Agriculture)
Vukovarska
10 000 Zagreb
Tel: + 385 1 6106 620
Fax: + 385 1 6109 202
Contact: Irena Ljesevic

Zavod za Sjemenarstvo i rasadnistvo (Plant Health Officials)
Vinkovacka 63
31 000 Osijek
Tel: + 385 31 275 204
Fax: + 385 31 273 989
Contact: Stanislav Volenik

AGRO-SJEME (Seed Association)
Gospodarsko interesno udruzenje
Oranice 12
10 000 Zagreb
Tel: + 385 1 3886 828
Fax: + 385 1 3886 812
Contact: Ivo Dragicevic

5. FOLLOW UP & NEXT STEPS

5.1 It is recommended that the British Potato Council follow-up the Embassy's initial contact with the companies listed in paragraph 4. We would suggest initially that written communication in English followed by a telephone call to establish where things stand. Croatians often need to be chased for a reply. English is the regular business language in Croatia and the business community tends to use it relatively well for business requirements.

Should initial communication prove to be generating positive interest we would recommend an early visit to the market. It is a market where personal contact plays a significant role in establishing business.

5.2 Business culture: Croatians are easy going and relaxed and tend to dislike the rigid western approach to doing business. The latter does not exclude seriousness about business relations. Discussion over a lengthy meal is a regular feature of doing business in Croatia.

5.3 Working hours are 08.30-16.30 in most parts of Croatia. On the coast it tends to vary and 07-15.00 is not unusual for offices.

5.4 Should the British Potato Council decide to visit Croatia we shall be happy to see them to discuss their export plans. We would also be happy to assist in arranging local contacts although we do not have resources to provide programme-arranging services.

6. BACKGROUND INFORMATION

GENERAL MARKET INFORMATION

Croatia is an attractive and sophisticated country with a population of 4.5 million (about that of Scotland and slightly more than Ireland); it is bordered by Slovenia, Hungary, Bosnia and Herzegovina, Italy and Serbia Montenegro.

The country benefits from a moderately high standard of living and high standard of education. Per capita income is around US$ 4,300. With 1778 km of beautiful coastline, Croatia attracts a substantial number of tourists annually.

Since proclaiming independence in 1991, Croatia has faced the characteristic difficulties of a country in transition along with problems associated with regional war. However, Croatia is and will remain a promising market for British investment and British financial services.

Following the change of Government in January 2000, Croatia took the first important steps towards Euro-Atlantic integration. In May 2000 NATO accepted Croatia into the Partnership for Peace programme. On 1 December 2000, Croatia became a full member of the WTO. In May 2001 Croatia initialled with the EU Stability Association Agreement (a prelude to eventual EU membership).

Average gross wages are high but average net wages are relatively low. In the 2002 budget the Government of Croatia took steps to reduce this burden by cutting back on spending. Croatia has relatively large foreign currency reserves, local currency Kuna (HRK) is stable and inflation rate has been kept under 5% in the last six years. Current exchange rate is 1£ = HRK 12,00.

The outlook for British trade and investment is positive. There has been some notable UK involvement in the banking and privatisation sectors.

Croatia's largest foreign trade partner is Italy with 19.4% of total exports and 15.7% of total imports. Germany and Slovenia are following closely. The UK holds ninth and fourteenth position respectively. UK exports to Croatia in 2001 amounted to £ 90 million and in the first half of 2002 showed an increase of 18%.

FURTHER INFORMATION ON CROATIA IS AVAILABLE AT:

TRADE PARTNERS UK	www.tradepartners.gov.uk/croatia
GOVERNMENT OF THE REPUBLIC OF CROATIA	www.vlada.hr
MINISTRY OF ECONOMY	www.mingo.hr
CROATIAN CHAMBER OF ECONOMY	www.hgk.hr
CROATIAN BUREAU OF STATISTICS	www.dsz.hr
CROATIAN EMPLOYER'S ASSOSCIATION	www.hup.hr
CROATIAN REFERRAL AND DOCUMENTATION AGENCY	www.hidra.hr

The information in this report was supplied by Renata Nevidal, Commercial and Economic Section, British Embassy, Zagreb.