



## **British Croatian Chamber of Commerce**

The Annual Dinner at The Little Ship Club in London, 26-01-07

**With Guest Speaker Ms Bozica Lopic, Deputy Managing Director, Trade and Investment Promotion Agency of the Republic of Croatia & With Address by H.E. Mr Josko Paro, The Croatian Ambassador to the United Kingdom.**

The Ambassador of Croatia HE Mr Josko Paro addressed an audience of representatives from both British and Croatian companies and government agencies and informed them of the recent international policies focused at Croatia's status and likely entry into the European Union. He explained that Croatia has received noteworthy support from the British Government in a recent speech by the British Minister of State for Europe, Mr Jeff Hoon MP. On the 23<sup>rd</sup> January 2007, addressing the European Parliament Mr Hoon stated; *'Croatia is a significant example. Here is a country which is making the necessary reforms. A country that has low inflation, a stable currency, and rapid economic growth. A country with capable, hardworking young people and strong scientific credentials: and one which is taking on international responsibilities, including sending peacekeepers to Afghanistan. Like Bulgaria and Romania, Croatia can act as a beacon for others in the region. A beacon made not of dramatic political acts but simple signals of normality such as low inflation, a stable currency, and rapid economic growth.'*

The Ambassador concluded his speech on a positive note of support and trust and encouraging British investors to reflect on the optimism Mr Hoon showed for Croatia and its strong economy.

Following the speech by the Croatian Ambassador, Ms Bozica Lopic, Deputy Managing Director, Croatian Trade and Investment Promotion Agency outlined the responsibility, objectives and strategy of the Agency. She briefed the audience on the financial characteristics of the current investment climate in Croatia. She confirmed that foreign direct investment (FDI) in Croatia was €4.16 Billion Euro between 2004 and the third quarter in 2006, placing Croatia in 4<sup>th</sup> position out of 12 countries in Central and Eastern European region. She also confirmed that this investment had mostly arisen from buyouts and the ongoing privatisation process. Ms Lopic stressed the need for future investments to be based on new business creation and infrastructure development as apposed to the current existing business model. Also confirmed was Britain's investment in Croatia currently 2,3% (€303 million Euro) and stressed this disappointing level was far below its recognised potential.

Further statements were provided by Ms Lopic on the Croatian Governments economic and investment strategies:

i) Croatia is a knowledge based society that invests in people and promotes their development. It places great importance on education and encourages progressive scientific research. The Croatian Trade and Investment Promotion Agency in conjunction with Deloitte is currently preparing comprehensive data on the available workforce in Croatia providing a matrix for investors to identify key professionals and resources. This data will provide an important resource to promote a free-trade and entrepreneurial zone in Croatia.

Ms Lopic reinforced her statements with a quoted Ms Margaret Beckett, British Foreign Secretary, who said in a recent speech that 'Croatia is a country of smart, young and diligent people'.

lii) This a number of new investment laws that will possibly effect the IT and technology industry sectors. This is part of the Croatian Strategic framework of Economic development 2006-2013 that is currently under way with one of its key goals to reach 7% FDI by the end of the privatisation process.

iv) Private Public Partnership was mentioned as a Model of investment that Croatia is embracing, however further expertise and feedback was being sought from other countries who have taken this route.

v) Tax rates in Croatia are one of the lowest of the EU candidate countries, however Croatia's cost of labour is high in comparison to other candidate counties.

vi) A new organisation, hitro.hr as been formed to effectively transform the process of opening new companies in Croatia: [www.hitro.hr](http://www.hitro.hr)

In closing Ms Lopic expressed her organisations confidence in the positive trend in economic growth shown by Croatia and encouraged British businesses to seriously consider the overwhelming benefits of investing in Croatia.

The audience had opportunity to ask questions and the discuss the way The Croatian Investment Agency promotes its services and other related subjects including, Ireland verus Croatia during their process of accession to the European Union and how The Agency could benefit small and medium sized British businesses who want to invest in Croatia.

The directors of The British Croatian Chamber of Commerce have expressed positive views on the future cooperation between the Chamber and the Croatian Investment Agency in promoting economic relations between two countries.