

## Sector Report

# Marine Sector Croatia

Produced by:  
Diana Manenica, Trade Development Advisor, Zagreb  
**Last revised April 2008**

Whereas every effort has been made to ensure that the information given in this document is accurate, neither UK Trade & Investment nor its parent Departments (the Department for Business, Enterprise & Regulatory Reform, and the Foreign & Commonwealth Office), accept liability for any errors, omissions or misleading statements, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organisation mentioned.  
Published **April 2008** by UK Trade & Investment.  
Crown Copyright ©

## Table of Contents

<b>OVERVIEW</b>	<b>3</b>
<b>OPPORTUNITIES</b>	<b>5</b>
<b>CHARACTERISTICS OF MARKET</b>	<b>6</b>
<b>KEY METHODS OF DOING BUSINESS</b>	<b>7</b>
<b>MORE DETAILED SECTOR REPORTS</b>	<b>7</b>
<b>PUBLICATIONS</b>	<b>7</b>
<b>EVENTS</b>	<b>8</b>
<b>CONTACT LISTS</b>	<b>8</b>

## OVERVIEW

Croatia's coastal region makes over one third of Croatia, with 5,835 km of coast, including 1,185 islands. Croatia has a very close association with the sea, both historically and geographically.

The country has a long tradition in the marine industry and business in leisure boats is thriving. Tourism is the main driver of the Croatian economy, representing approximately 20% of GDP. Although boat-building is well established, the increasing number of leisure boats visiting the Adriatic coast has encouraged the growth of repair and maintenance facilities and the development of a recreational boating market. A number of Croatia's marinas are in need of expansion or refurbishment.

## Leisure boatbuilding

### a) Production

Although traditionally a market with a long tradition in commercial boating, Croatia's small boat production was until a few years ago a craft style industry with a poor infrastructure and old fashioned methods. But, in the last few years private boat builders have started developing their small operations and producing good quality power and sailing boats. The increasing number of leisure boats visiting the Adriatic coast has also encouraged the growth of repair and maintenance activities.

The demand for recreational boats and equipment has been growing significantly in the recent years.

Croatian boat building today is characterised by a number of medium-sized but constantly developing companies and by a large number of small boat builders, for less demanding customers. The sector employs around 2,500 people and has a profit of around HRK 950 million. On 3 April the exchange rate was £=9 HRK. Production is still much lower than the existing capacity, but it is steadily increasing.

### Statistics for 2007

Number of companies registered for boat production: 83

Number of boats produced: 1,030

- Less than 7,5 m: 520
- More than 7,5 m: 350
- Workboats: 10
- Rubber boats: 150

There are several boat builders with substantial production although only a few of them are competitive on the international market in terms of both price and quality. The application of high-tech materials has proven to be technologically viable globally and that trend in Croatia although only a few companies are implementing high-tech methods.

Currently only around 10 producers are export related and their products can be seen on a number of boat shows in Europe; their products are highly regarded and have received several prizes. The Croatian Government's strategy for increasing the competitiveness of Croatian exporters (Croatian Export Strategy) provides funding and support to six export clusters, one of which being is the small shipbuilding cluster. The cluster was founded in September 2007 and

currently comprises 22 companies. The main objective of the cluster is to increase competitiveness, providing help in organising the supply chain and improve production.

## **b) Imports**

The total import value of motor yachts and sailing boats in Croatia is around \$85 million. Around 80% of motor yachts and 85% of sailing boats are used in charter business.

All major European brands are present. The proximity of the market plays a significant role and therefore the UK's main competitor are Germany, France and Italy.

UK's strongest brands are: Fairline, Sealine and Sunseeker.

## **c) Barriers and opportunities**

- **Branding:** small shipbuilding companies are having difficulties in investing in marketing and product branding due to lack of financial resources
- **Workforce:** there is a lack of specialised workforce for production of small boats and superyachts despite the fact that shipbuilding is one of traditional sectors in Croatia. Croatia has good know how in shipbuilding technology, partially because of its centuries-old tradition of building large ships and because of the good education system in that industry. However, it will need to invest in education and pre-qualification of workforce from production of large ships to small boats
- **Fragmentation of the market:** quite often individual small shipbuilders source raw materials and products on international markets, instead of using local suppliers, which increases the cost of production. There is a lack of a sophisticated local supply chain that can be relied on.
- **Opportunities:** Increased interest in nautical tourism globally and in Croatia will lead to production growth of sailing boats and motoryachts
- **competitive price**
- **superyachts:** Croatian marinas are investing in construction of berths able to accommodate superyachts.

## **Charter industry**

As a holiday destination Croatia is also attractive to the charter industry. Along almost a thousand nautical miles there are 1,185 easily accessible islands of which only 66 are populated. A mild Mediterranean climate allows for at least a six-month period for comfortable sailing and cruising. The charter business is one of the most prosperous tourism sub-sectors in Croatia and one of the fastest growing industries in Croatia generally. The number of tourists in marinas and overnight stays has last year increased by 11% and 13% respectively comparing to 2006. Nautical tourists accounted for 8% of the total number of tourists. According to the Croatian Chamber of Commerce the turnover of ports for nautical tourism in Croatia is increasing on a yearly basis.

The latest statistics survey which included 56 marinas and 38 other ports accommodating charter yachts and boats show that the last year's turnover in charter industry increased by 6% in comparison with 2007. The total number of berths in Croatia for leisure boats in all marinas and ports is estimated to be around 30,000.<sup>1</sup> which is not sufficient to satisfy growing demand and finding a berth during the peak season can sometimes be challenging.

There are presently over 200 yacht charter companies in Croatia, with over half of them with only one or two vessels. Of the nearly 2,800 registered charter vessels, over 75% are sailboats. No other Mediterranean destination has experienced such dynamic growth in charter vessels, with over 200% increase since 2000, when just over 1000 vessels were operating.

The present situation has resulted in supply exceeding demand, providing good opportunities for both charter agents and consumers. At the same time one of the main barriers to further development of this industry remains an over regulated market, especially in the area of legal requirements for foreign yachts and boats in internal waters and territorial sea of the Republic of Croatia as well as insufficient number of top class marinas and berths. More information on legal requirements can be viewed at the following link:

<http://www.mmpi.hr/default.aspx?id=668>

## MARINE EQUIPMENT AND ENGINEERING

In order to support the number of yachts and sailing boats along the Croatian coast there are around 50 marinas, which are grouped in the Association of Croatian marinas registered within the Croatian Chamber of the Economy. ACI ([www.aci.hr](http://www.aci.hr)) is the largest company with 21 marinas in their ownership.

The majority of the remaining marinas are privately owned. The exact number of berths is not available but is estimated at 30,000. The number of berths is increasing due to new marinas being built and refurbishment of older ones. Although some marinas have been reconstructed, there is still a demand for high standard marinas (there are only a few which fall under the first category). The larger marinas are well equipped with technical services, derricks, petrol stations, various commercial and catering services. Although the situation is far more advanced than several years ago, there might be opportunities for companies that offer specialised equipment or systems that are not yet introduced.

A numbers of British companies specialising in marine equipment are already present in Croatia through their local representatives.

## OPPORTUNITIES

There are opportunities for UK companies in the following sectors:

- boating equipment: current producers striving to enhance their quality and therefore importing top class products, equipment and technologies
- marine equipment and design: upgrade of the existing facilities will be necessary: UK expertise and equipment producers could position themselves on the market
- environmental protection equipment

---

<sup>1</sup> Statistics are often unreliable and different sources quote different berth statistics

- possibility of joint ventures on various projects (know how in maintenance and repair services)

UKTI publishes international [business opportunities](#) gathered by our network of British Embassies, High Commissions and Consulates worldwide. These opportunities appear in the Opportunities portlet on the relevant sector and country pages on the UKTI website. By setting up a profile you can be alerted by email when relevant new opportunities are published. New or updated **alert profiles** can be set in My Account on the website.

## CHARACTERISTICS OF MARKET

Croatia is situated in Central Europe along the eastern coast of Adriatic, bordering Slovenia, Hungary, Serbia, Bosnia&Hercegovina and Montenegro. It has a maritime border with Italy. The total area of Croatia is 87,661m<sup>2</sup> comprising of 56,594 m<sup>2</sup> of land and 31,067 m<sup>2</sup> of territorial waters. Croatia has a coastline of 1,778km in length and 1,185 islands. The capital of Croatia is Zagreb, with a population of approximately over 800,000. The other major towns are Rijeka, Split, Osijek, Sibenik, Zadar and Dubrovnik.



Total area, km2.....	87,661
Population, m.....	4.4
GDP growth, (2007)%.....	5.6
GDP, per capita (2007) .....	9,661.4
Inflation rate (Dec 2007).....	5.8
Unemployment rate (March 2008)%.....	15.9
Active population m.....	1,759.492
Exports, m US\$.....	10,376.3
Imports, m US\$.....	21,488.3

The marine industry market has been one of the fastest growing markets in the last few years. Croatia has a lot of potential in nautical tourism, boat building and development of new marinas. There are no significant trade barriers in the sector and supply chain routes are more or less established, although in some areas they need improvement. Market is price driven and low price of equipment is the best selling factor. Top range products are sometimes less accessible and companies complain that no trade routes are established for such products and that they often need to source them from other distributors in the region (Italy). However, this

will change given the latest trends of more luxurious superyachts and boats in the Adriatic. EU Countries and US remain competitors in all areas of the marine industry.

## KEY METHODS OF DOING BUSINESS

It is essential for a foreign supplier wishing to enter the Croatian market to appoint a local agent.

There are no restrictions on overseas payments, the transfer of foreign investors' profit out of the country or any other type of transfer from Croatia to foreign countries.

All usual methods of payment and insurance of payment are acceptable. However, since the market is still in transition, a cautious approach is advisable when agreeing payment terms. Most companies seek delayed payment (30-60 days normal).

The customs regime and customs tariffs are harmonised with the EU; over 95% of goods listed in the customs tariff schedule may be imported into Croatia without restrictions.

ATA Carnets are accepted in Croatia for temporary imports of goods.

VAT is charged at a rate of 22%.

With its traditional trading links and excellent regional communications, Croatia provides a good springboard for other countries in the region.

Other background information on doing business in Croatia can be found on UKTI's website. Simply go to the country page where you will find information on:

Economic background and geography

- Customs & regulations
- Selling & communications
- Contacts & setting up
- Visiting and social hints and tips

## MORE DETAILED SECTOR REPORTS

Research is critical when considering new markets. UKTI provides [market research](#) services which can help UK companies doing business overseas including:

- **Overseas Market Introduction Service (OMIS).** Bespoke research into potential markets, contacts and support during your visits overseas.
- **Export Marketing Research Scheme.** Advice on market research and help to contact subsidised market research administered by the British Chambers of Commerce on behalf of UKTI.

Contact your local [International Trade Advisor](#) if you are interested in accessing these services, or for general advice in developing your export strategy.

When considering doing business in Croatia, it is essential to obtain legal, financial and taxation advice. For further details, please contact:

**Diana Manenica**  
**Trade Development Adviser**  
British Embassy Zagreb

Ivana Lucica 4  
10 000 Zagreb  
Tel:+385 1 600 9215  
Fax:+385 1 600 9260  
[Diana.Manenica@fco.gov.uk](mailto:Diana.Manenica@fco.gov.uk)

## PUBLICATIONS

Marine industry trade publications are well established. There are at least 7 local trade magazines and more than 20 international available on the market. Some of them are:

Magazin More  
[www.more.hr](http://www.more.hr)

Burza Nautike  
[www.lantina.hr](http://www.lantina.hr)

Nautika  
[www.profectus.hr](http://www.profectus.hr)

## EVENTS

UK Trade & Investment's [Tradeshaw Access Programme](#) (TAP) can help eligible UK businesses take part in overseas exhibitions. Attendance at TAP events offers significant benefits:

- possibilities for business opportunities both at the show and in the future
- chance to assess new markets and develop useful contacts
- grants are available if you meet the criteria
- UKTI staff overseas will be available to assist delegates

Find out if you are eligible to apply to attend this event and more about the support UKTI can offer on the UKTI website's [Market Entry](#) page.

Details of TAP events can be found in the **Events** portlet on the Croatia page.

Other **Market Visit Support** may be available via your local International Trade Advisor.

## CONTACT LISTS

UKTI's **International Trade Advisers** can provide you with essential and impartial advice on all aspects of international trade. Every UK region also has dedicated sector specialists who can provide advice tailored to your industry. You can trace your nearest advisor by entering your postcode into the [Local Office Database](#) on the homepage of our website.

For new and inexperienced exporters, our [Passport to Export](#) process will take you through the mechanics of exporting. An International Trade Adviser will provide professional advice on a range of services, including financial subsidies, export documentation, contacts in overseas markets, overseas visits, translating marketing material, e-commerce, subsidised export training and market research