

# Croatia for Investors



REPUBLIC of CROATIA  
Ministry of Economy and  
Sustainable Development

According to the 2019 OECD Investment Policy Review, Croatia is among the most open economies to FDI with its degree of FDI regulatory restrictiveness low in comparison to the OECD average. Croatia will join the euro area on 1 January 2023, and has fulfilled all the necessary conditions for the full application of the Schengen acquis. All three major rating agencies (Moody's, S&P, and Fitch) rank Croatia's credit score at investment-grade level. Croatia offers numerous benefits and opportunities to foreign investors, namely:

# Convenient location — at the heart of EU



Croatia occupies a strategic location at the heart of Central and Eastern Europe and can act as a gateway to trade with other countries in the Central and Eastern Europe region. Zagreb, its capital, is only about a four-hour drive away from Vienna, Venice, Budapest, or Belgrade, and only a two-hour drive from the Adriatic coast. Croatia also offers the shortest transit time from the Far East through its quality seaports. The proximity of other EU capitals makes it easy for the new company to access the large European market with over 450 million potential customers.



All of Europe within  
3 hours

9 International  
Passenger Airports



Pan-European  
Corridors (X, Vb, Vc)  
cross its territory



Shortest transit time  
from the Far East through  
6 quality seaports

Direct access to  
Rhine-Main-Danube  
waterway through  
four main river ports

Corridor VII

EU Member

Companies established  
in Croatia by foreign  
investors can compete for  
the EU funds under equal  
conditions as national  
ones.

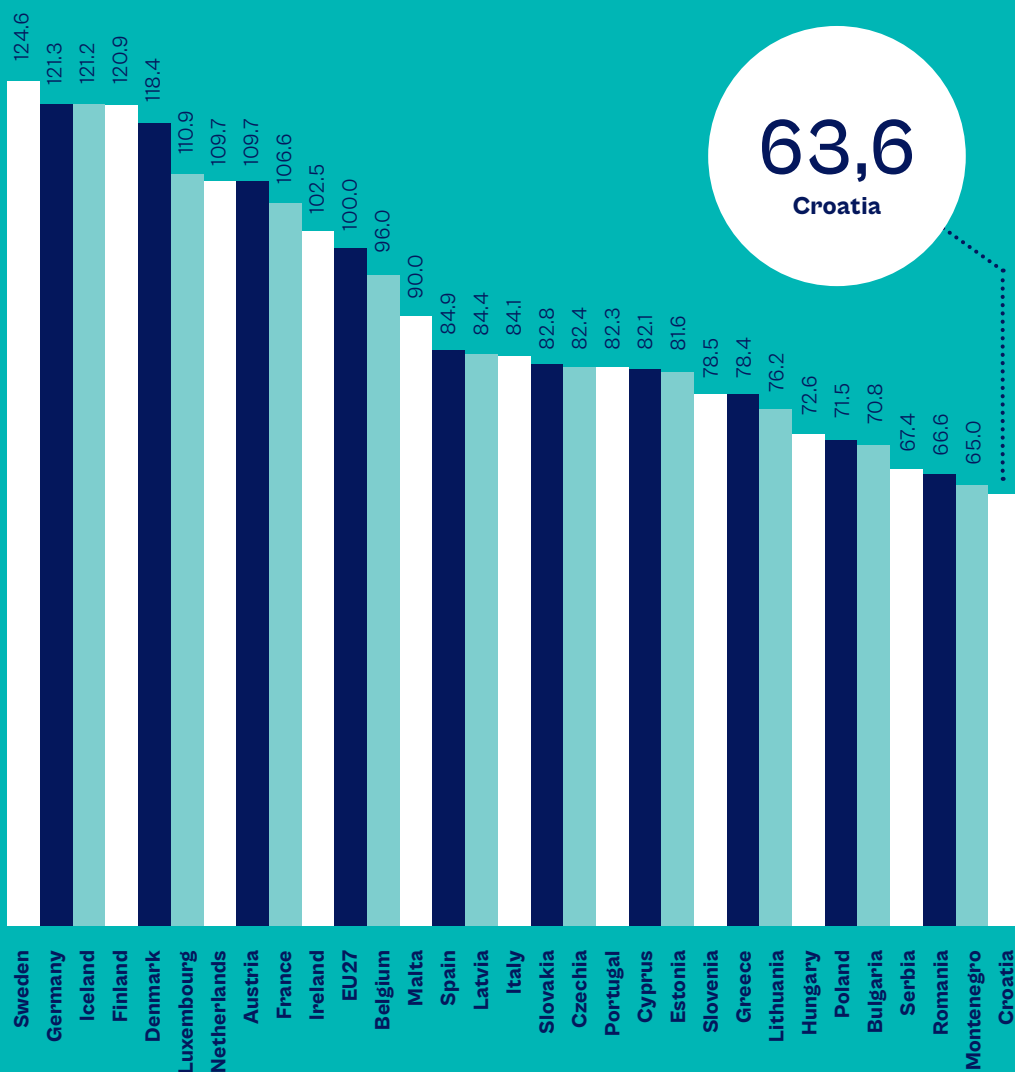


# Competitive investment costs



According to the price surveys carried out for 2021 within the Eurostat-OECD Purchasing Power Parities (PPP) Programme, price levels for investment in general in Croatia are 36% below the EU average and the lowest among the EU member states.

## Price level indices for investment

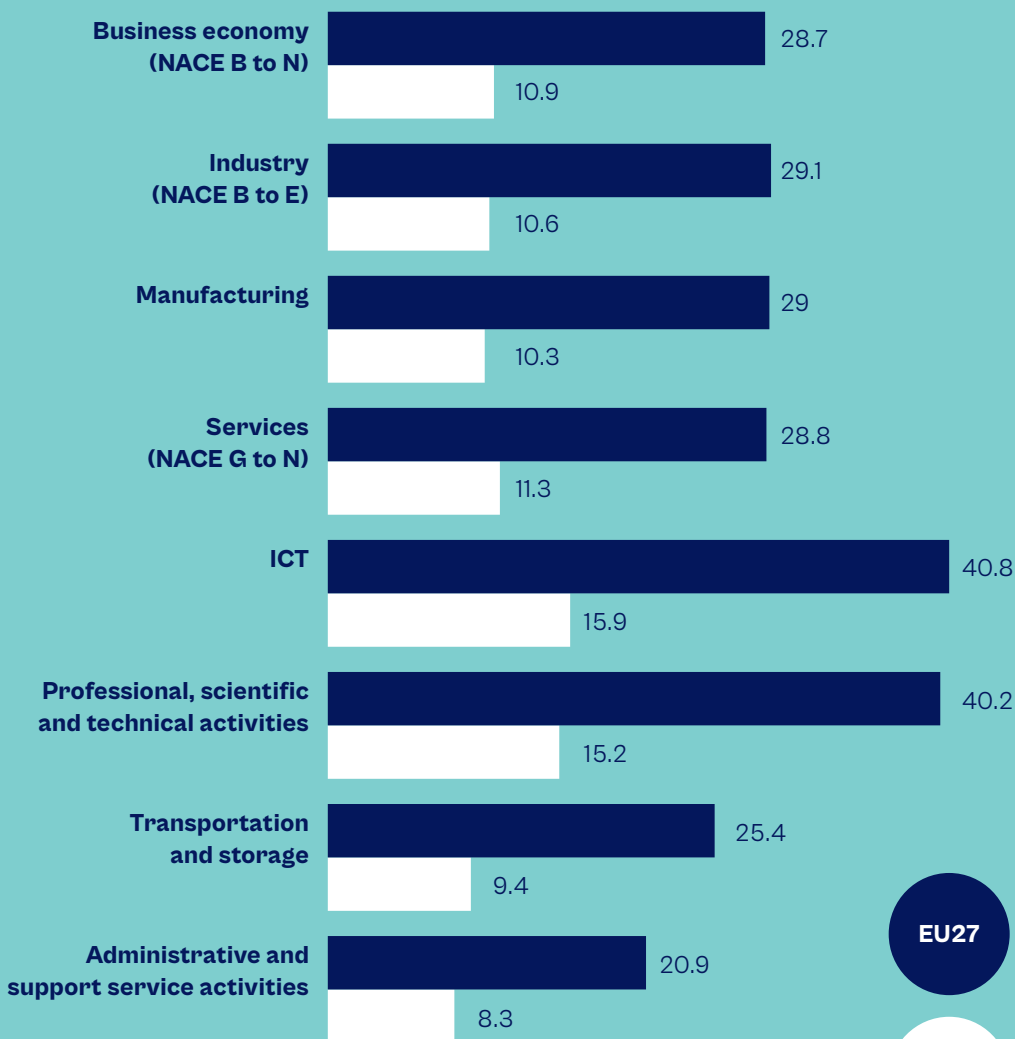


# Low hourly labour costs



Likewise, the estimated hourly labour costs per hour in Croatia are 2.6 times lower than the EU average and among the lowest in the EU, making Croatia the perfect destination for investment.

## Hourly labour costs (LCI), €

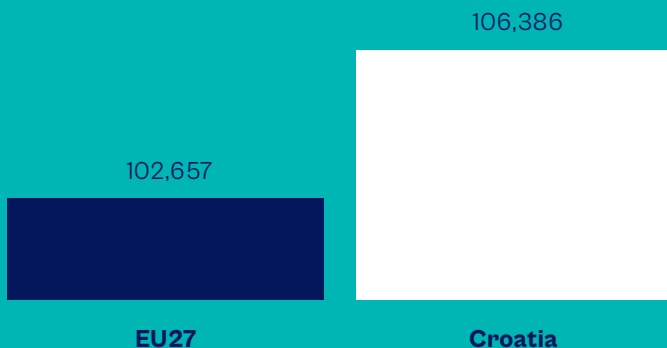


# Highly skilled and multilingual workforce



Croatia has an educated, highly-skilled, and motivated labour force. In 2021, real labour productivity per person (index 2015=100) was higher than the EU average.

## Real labour productivity per person



Source: Eurostat 2022 for 2021

Moreover, in 2020, around 28% of all students in tertiary education and 39% of all students in vocational upper secondary education were enrolled in STEM fields of study.

Source: Eurostat 2022 for 2020 (latest available data)

According to Henda's Language Barometer Research from 2019, as many as 95.3% of the population have a basic knowledge of English, while 48.7% have a basic knowledge of German, and 22.1% of Italian.

## Foreign language knowledge

95.3%  
English

48.7%  
German

22.1%  
Italian

Source: Henda 2019 (at least basic knowledge)

## English proficiency index

10/112

Source: Education First 2021

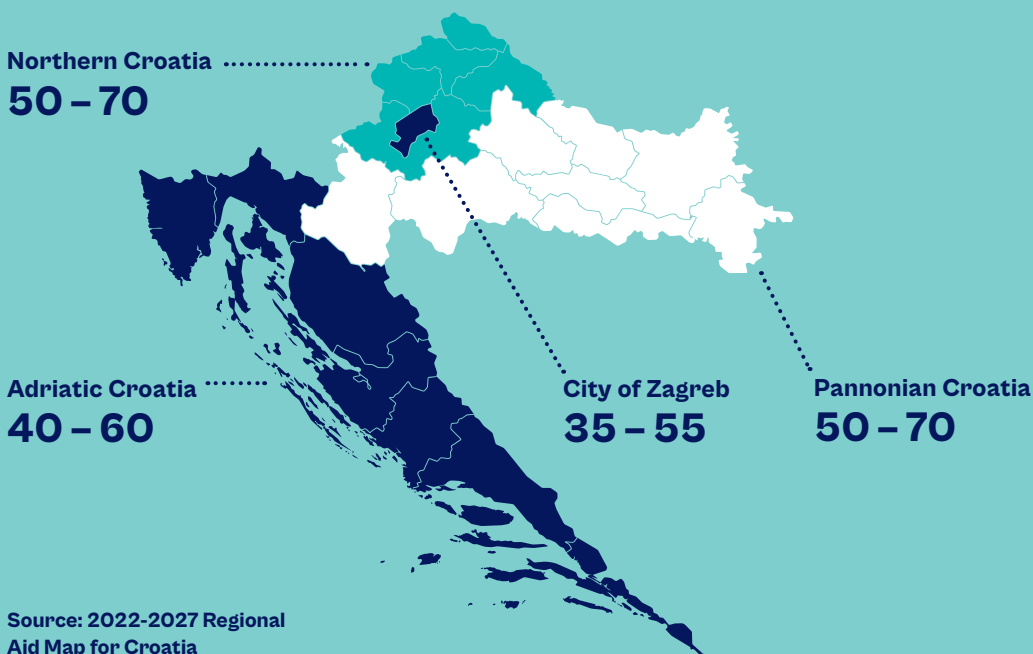
In fact, according to the Education First English proficiency index based on test results of 2M adults in 112 countries & regions, Croatia ranks 10<sup>th</sup> out of 112 countries and is grouped among the countries with very high proficiency.

# Generous investment incentives



Croatian Government offers a return of 35%-70% of eligible investment costs through various investment incentives comprising profit tax deduction/reduction and direct grants for every new employee, capital costs of investment, and development and innovation activities.

## Maximum aid intensity (% of eligible investment costs)



## Investment incentives

up to <b>100%</b> profit tax reduction for up to 10 years	up to <b>€ 18,000</b> for every new employee	up to <b>€ 1,000,000</b> for capital costs of investment	up to <b>€ 500,000</b> for investments in technological development and innovation activities
---	---	---	---

Source: Investment Promotion Act (OG, 63/22)

# Quality of life



Croatia has preserved its environment and beautiful natural resources with over 400 protected areas covering around 9% of its territory. The country has two predominant climatic zones (Continental and Mediterranean), and a spectacular coastline.






According to the Sustainable Development Report 2022, Croatia ranks 23<sup>rd</sup> among 163 countries in the Sustainable Development Goals Index.

**Source: The Sustainable Development Report 2022**

---

## Institutional support

Every investor can count on free institutional support provided by the Ministry of Economy and Sustainable Development before, during and after the investment. Its services consist of:

-  Providing all necessary information relevant to an investment in Croatia, such as the analysis of business climate and investment framework, information on investment costs, labour force potential partners, financing etc.;
  -  Organizing visits to investments sites and arranging meetings with public and private bodies;
  -  Assistance in the application for incentives according to the Investment Promotion Act;
  -  Identification of potential locations (database of business zones);
  -  Professional and tailor-made assistance throughout all stages of the investment process.
-