

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 5/7/2015

GAIN Report Number: HR1501

Croatia

Post: Zagreb

Croatian Beef Market

Report Categories:

Product Brief

Livestock and Products

Approved By:

Christine Sloop

Prepared By:

Andreja Misir

Report Highlights:

Croatia imports \$66 million worth of beef annually, mainly fresh/chilled or frozen. During the last five years beef imports have shown a steady growth having more than doubled from \$30.4 million in 2010 to \$66.1 million in 2014. Currently, the United States exports negligible amounts of beef to Croatia, although there is a potential to expand exports of non-hormone treated beef that could find Croatian consumers willing to pay for the premium.

General Information:

Section I. Market Overview

Croatia as an EU member state can import US beef under the high quality beef (HQB) quota for meat from animals who have not been treated with growth promotants. The meat must come from an EU approved facility. Although Croatian consumers tend to be very price sensitive there is a select clientele of wealthier consumers for beef, who are willing to pay for high quality meat. US beef has a good reputation in Croatia as a high end product.

During the last five years beef imports to Croatia have shown a steady growth having more than doubled from \$30.4 million in 2010 to \$66.1 million in 2014. Although Croatia only has 4.28 million inhabitants, it has a solid middle class. With the expected economic recovery the Croatian middle class will grow and consumption of high quality meat is expected to grow accordingly. Unfortunately, direct US beef exports to Croatia currently are negligible, although it is likely that US product is being transshipped from other European markets. Croatian importers tend to source many US products from other EU member states to reduce the cost and challenges of smaller shipments. In addition, many of the larger supermarket chains that operate in Croatia have central warehousing in other EU member states. Croatia imports most of its beef from the Netherlands, (which probably includes US product) and exports \$33 million of beef to its neighbors (approximately \$7 million goes to Bosnia and Herzegovina), which also could be a reason to explore the Croatian market.

Table 1 shows potential advantages and challenges for the US beef exporters at Croatian market.

Table 1. Advantages and Challenges Advantages Challenges

Advantages	Challenges
The food and beverage sector is well established, offering a modern retailing and distribution network across the country.	High shipping costs and Croatian buyers demand quality, but also low prices. Croatia is a very price sensitive market.
Most importers speak English.	Retailers rarely import US products into Croatia; they prefer to purchase from central buyers including other EU member states.
Urban population growth	EU-27 member states benefit from common market rules.
The United States has a good reputation for the quality of its beef.	Consumers focus mainly on more affordable meat like poultry meat.
Non-hormone treated beef can be exported from the US under the EU High Quality Beef (HQB) quota	Beef is purchased only by wealthier consumers.
EU membership makes it less expensive to source US beef from another member state.	US food products sometimes have a bad image as being “industrial” due to issues like biotechnology and hormones in food production.

Entry Strategy

Trade shows are excellent venues for US exporters to make contact with potential Croatian business partners, to conduct product introductions and to gauge buyers’ interest. Trade shows in Croatia that could be of an interest are Gast Split, <http://gastfair.com/en/> and Zagreb Fair, Hotel Gastro Tech, <http://www.zv.hr/default.aspx?id=1099> . These are good places to visit during exhibition and meet potential trade partners. In addition, known fairs like SIAL and ANUGA attract a lot of Croatian buyers.

Information about the USDA endorsed shows in Europe this year can be found at <http://www.fas.usda.gov/international-trade-shows-2015> or at <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.html> .

Imports and Exports

Croatia imports \$66 million of beef annually, mainly fresh/chilled or frozen. Currently, the US exports negligible amounts of beef to Croatia although there is a potential to expand exports of non-hormone treated beef from EU approved export facilities

Table 2: Croatia – Beef Imports

Croatia Import Statistics							
Commodity: _PSD BEEF, _PSD BEEF							
Year To Date: January - December							
Partner Country	United States Dollars			% Share			% Change
	2012	2013	2014	2012	2013	2014	2014/2013
World	45,543,834	48,410,135	66,080,359	100.00	100.00	100.00	36.50
Netherlands	23,266,071	22,450,197	28,294,809	51.09	46.37	42.82	26.03
Poland	3,350,320	9,244,711	11,476,527	7.36	19.10	17.37	24.14
Austria	5,774,493	4,837,248	8,742,441	12.68	9.99	13.23	80.73
Denmark	-	1,825,328	7,184,593	0.00	3.77	10.87	293.61
Germany	1,261,285	1,492,764	4,313,884	2.77	3.08	6.53	188.99
Italy	2,326,519	1,611,702	1,706,539	5.11	3.33	2.58	5.88
Slovenia	316,671	237,569	928,887	0.70	0.49	1.41	291.00
Spain	687,463	118,071	873,558	1.51	0.24	1.32	639.86
Hungary	175,299	540,070	821,894	0.38	1.12	1.24	52.18
Lithuania	-	20,140	814,295	0.00	0.04	1.23	3943.26
United States	17,880	62,962	-	0.04	0.13	0.00	- 100.00
Other	8,367,833	5,969,373	922,932				

Source: Global Trade Atlas

Section II. Market Access

Import Procedures

Incoming goods must go through customs storage at transport terminals or airports. After the goods arrive at the customs storage, the importer or freight forwarder should start procedures for checking and clearing goods after filing import customs declaration with Croatian customs authorities. The procedure starts at the Veterinary/Sanitary Inspection which checks the goods. From time to time samples are taken for food safety testing. If products are of suspicious quality or health standards their sale will be banned until an

analysis is conducted. Customs clearance and removal from storage is carried out under the supervision of a customs officer who compares the documents with the commodities after they were checked by veterinary/sanitary inspector. For the import procedure it is of outmost importance for the exporter to have a reliable freight forwarder and/or a friendly and trustworthy trade partner.

Requirements for Import

Croatia is part of the European Union, which is a common market and customs union. Therefore, Croatian imports and exports are subject to EU regulations. Detailed requirements for import can be found in Post Zagreb, Food and Agriculture Import Regulations and Standards –Narrative (FAIRS) report: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Zagreb_Croatia_12-3-2014.pdf

Tariffs 2014 and VAT

The latest applied custom rates can be found at the following web page:
http://ec.europa.eu/taxation_customs/customs/customs_duties/index_en.htm

The value added tax (VAT) on beef and veal in the store is 25%. If consumed in a restaurant, VAT is only 13%.

Section III. Key Contacts and Further Information

A list of Croatian importers is available to US exporters and can be obtained by contacting:

U.S. Embassy
Office of Agricultural Affairs
Thomas Jefferson Street 2
10 010 Zagreb, Croatia
Telephone: (385-1) 661-2467
Fax: (385-1) 665-8950
E-mail: AgZagreb@fas.usda.gov
Web: <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.html>