

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Croatia

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Pork Market Brief

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Report Highlights:

Croatia is a large pork importer, and in 2014, imports reached \$236 million (79,447 MT), mainly from the EU (Germany, Netherlands, Spain, Hungary, Italy and Austria). For Croatians pork is an important staple. In spite of this, at the moment, the US is not a supplier to the Croatian market. Croatia is an EU-member state; thus, pork exports to Croatia must meet EU standards.

General Information:

Market Overview

Pork is an important staple in Croatia. However, Croatia is not self-sufficient in pork production. In 2014 Croatia imported 79,447 MT of pork valued at \$236 million, which is an 84% increase in value compared to 2010.

Currently, Croatian pork producers (especially small or indebted farmers) are losing their competitive edge against imported pork due to the high feed and fuel prices. Some observers believe Croatia possesses a comparative advantage for pork production due to long tradition in production (each small farm having at least one or two pigs) and the only constraint is the extensive fragmentation of farms. Others however, believe that many large, modern farms are losing their competitiveness due to debt, which many had hoped to repay at subsidized rates before the global financial crisis intervened. As long as input prices remain high and farms fragmented and/or in debt, the number of producers and total pork production is likely to continue to decline.

Table 1. Advantages and 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 purchases from central buyers including other EU member states.
Urban population growth	EU-27 member states benefit from joint market.
EU membership makes it less expensive to source US pork from another member state.	US food products sometimes have a bad image due to, for example, usage of biotechnology and hormones in the food production.

Imports and Exports

Croatia is a large pork importer. In 2014, pork imports reached \$236 million (79,447 MT), mostly from the EU (Germany, Netherlands, Spain, Hungary, Italy and Austria). Currently, the US is not a supplier to the Croatian market. This is because Croatian importers tend to source pork from other EU member states (see Table 2) to reduce the cost and challenges of smaller shipments. As an EU-member state, pork exports to Croatia must meet EU standards. However, this should not be a constraint to the US exporters.

Table 2: Croatia – Pork Imports

Croatia Import Statistics
Commodity: <u> </u> PSD PORK, <u> </u> PSD PORK
Year To Date: January - December

Partner Country	United States Dollars			% Share			% Change
	2012	2013	2014	2012	2013	2014	2014/2013
World	161,926,729	206,437,735	236,394,405	100.00	100.00	100.00	14.51
Germany	55,147,121	83,890,700	91,529,557	34.06	40.64	38.72	9.11
Netherlands	26,594,388	28,494,986	40,523,639	16.42	13.80	17.14	42.21
Spain	21,314,919	22,852,875	25,574,607	13.16	11.07	10.82	11.91
Hungary	10,137,040	21,063,644	19,421,820	6.26	10.20	8.22	- 7.79
Italy	12,941,617	16,024,496	18,426,948	7.99	7.76	7.80	14.99
Austria	14,310,180	14,608,049	13,039,247	8.84	7.08	5.52	- 10.74
Denmark	8,605,070	8,156,039	8,865,509	5.31	3.95	3.75	8.70
Poland	594,878	1,571,078	8,237,141	0.37	0.76	3.48	424.30
Slovenia	3,592,365	3,903,709	6,258,191	2.22	1.89	2.65	60.31
Belgium	2,323,302	2,317,183	1,512,220	1.43	1.12	0.64	- 34.74
France	1,072,545	1,318,410	808,307	0.66	0.64	0.34	- 38.69
The rest	5,293,304	2,236,566	2,197,219				

Entry Strategy

Trade shows are excellent venues for the U.S. 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>.

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 pork 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

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10 010 Zagreb, Croatia

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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>