

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Wine Report

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Product Brief

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Report Highlights:

Croatia provides a unique opportunity for U.S. wine exporters to position their product in this new EU member state. U.S. wine exporters should focus their market entry efforts on Zagreb, the nation's capital, where niches exist for medium and higher quality wines.

General Information:

I. Market Overview

Production

Domestic wine production is a very important segment of Croatian agriculture and also plays an important role in tourism, which is an important sector of the Croatian economy. Croatia has a rich tradition of grape cultivation and wine production. In the fourth century B.C., Greek colonist started wine production on the Adriatic coast. Romans and later modern day Croatians built on the Greek grape cultivation tradition. The quality of Croatian wines improved following Croatia's succession from the former-Yugoslavia to reach a high quality level in recent years.

According to the Croatian Central Bureau of Statistics, Croatian farmers cultivated 29,000 hectares of vineyards, produced 187,550 MT of grapes and 1.3 million hectoliters of wine (see table 1 with history data) in 2012. It is estimated that 2013 and 2014 wine and grape production levels will be similar to 2012. Statistical data on planted varieties shows a marked preference for white grape varieties (almost 69%).

Table 1. Vineyards, Wine and Grape Production (source: Croatian Bureau of Statistics)

		2009	2010	2011	2012
Vineyards	ha	34,000	33,000	32,000	29,000
Grapes	MT	206,437	207,743	204,373	187,550
Wine	hl	1,424,000	1,433,000	1,409,000	1, 293,000

Consumption

To understand wine consumption in Croatia, it should be noted that for years the Croatian consumer had little choice but to consume domestic wines. However, after Croatia's independence, the wine market opened and foreign wines began to enter the country. Because Croatians take great pride in their own wines, the market for foreign wines did not change overnight. Instead, the market is still developing and is expected to grow with the standard of living. This is especially true for the market segment of medium to higher quality wines and for consumers in Zagreb, the Croatian capital, where people have higher incomes and want to experiment with new wines and tastes. According to the Croatian Bureau of Statistics, annual consumption of wine per household member averaged 10.1 liters in 2011. However, the Croatian Ministry of Agriculture and the Croatian Chamber of Economy estimates show the average as being 28 liters per capita.

Trade

During January-September 2013, Croatia imported 9.5 million liters of wine, mainly from Macedonia, Bosnia and Herzegovina and Kosovo. At the same time, Croatia exported 2 million liters, mainly to Bosnia and Herzegovina, Germany and Slovenia. Annual wine imports for 2009-2012 averaged 14.3 million liters, mainly from Macedonia, Bosnia and Herzegovina, Kosovo and Slovenia, whereas annual wine exports for the same years averaged 3.7 million liters, mainly to the Czech Republic, Bosnia and Herzegovina and Germany.

Imports from the United States currently are very small (46,107 liters in 2012) mainly because of a lack of familiarity with the product and US-Croatia shipping expenses. In addition to direct imports, Croatia indirectly imports at least another 50,000 liters of US wines from other EU member states (see GAIN IT1307 http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Wine%20Annual_Rome_EU-27_2-22-2013.pdf, wine report for more details on the EU's technical requirements for importing wine).

Table 1 shows US wine advantages and challenges on the Croatian market.

Table 1.

Advantages	Challenges
Local wine connoisseurs consider U.S. red wines to be of good quality.	Retailers rarely import US products into Croatia, they prefer purchases from central buyers including other member states (mainly Germany).
Growth in tourism.	High shipping costs and Croatian buyers demand quality but also low prices.
Urban population growth.	Competition from EU member states.
Most importers speak English.	High promotion costs to increase general consumer awareness about US wines.
Quotas were recently brought to an EU level.	
EU membership may make it less expensive to source US products from another member state hub.	

III. Market Access

Marketing and Policy

Croatian wine legislation is based on the EU wine legislation. The Croatian Wine Act, including related ordinances, transposes the relevant EU regulations of the Common Market Order (CMO) of wine. Croatia, however, has maintained its individuality. Three general quality designations are recognized: table wine, wine of quality, and “top quality” wine. The categories are determined by the quality of

processed grape, yield per hectare, amount of alcohol and other natural ingredients and organoleptic (sensory) properties. Mandatory information on the label should include: wine category, real alcoholic strength, present amount of allergens, lot number, bottler (importer) and net quantity. For sparkling wines: sugar content and producer (importer). For protected geographic indications: the traditional name and origin. Additional data on the label can include: geographical area of production, vintage (for wines with at least 85 percent of the grapes from that vintage), grape variety, bottling place, etc. Wines from third countries cannot use the three quality designations, they can only be marked as wine or as wine with a geographical origin.

Requirements for Import

Croatia's agricultural sector is governed by The Common Agricultural Policy (CAP) and employs the same tariffs and border measures as all other EU Member States. Product imported into Croatia must meet all the Croatian and EU food safety and quality standards, as well as labeling and packaging regulations. It is important to work with experienced importers, and/or to have an agent to work with Croatian regulatory authorities to ensure the acceptability of specific products. Personal relationships and language ability are of value when conducting business transactions.

It should be noted that wine shipment that can pass EU border inspection can pass Croatian border inspection. The United States and the European Union signed in March 2006 the "Agreement between the United States and the European Community on Trade in Wine". The Agreement covers wine with an actual alcohol content of not less than 7 percent and not more than 22 percent. All U.S. wine exports must be accompanied by certification and analysis documentation using the format specified in Annex III (a) to the Agreement. More information on the simplified EU import certificate form can be obtained from the Alcohol and Tobacco Tax and Trade Bureau at

http://www.ttb.gov/industry_circulars/archives/2007/07-02.html. The Agreement's "Protocol on Wine Labeling" sets the conditions for the use of optional information on wine labels. Commission Regulation 1416/2006, as amended by Commission Implementing Regulation 1212/2011, concerns the protection of U.S. names of origin in the European Union. Information on the US-EU Wine Agreement can also be obtained from the U.S. Dept. of the Treasury – Alcohol and Tobacco Tax and Trade Bureau (<http://www.ttb.gov/itd/index.shtml>).

V. Key Contacts and Additional Information

A list of Croatian wine importers is available to U.S. exporters and can be obtained by contacting:

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