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*Since you might not have been able to attend the address given by Consul General Gubic of Croatia to the **American Business Forum on Europe** on 9/13/2010 we are sending you herewith an abbreviated text of his very interesting remarks.*

Croatia: A Place in the Sun

By Marijan Gubic, Consul General of Croatia in New York

Croatia has come a long way since independence. The Croatian government's objective in domestic policy is to create a robust but nimble and competitive market economy based on sustainable, export driven growth and shared opportunity and prosperity for all its citizens. Abroad, Croatia's aspirations are to complete the process of inclusion into Euro-Atlantic institutions.

Croatia joined NATO in 2009 as its 28th member and transformed a partnership with the United States into an alliance. Croatia is also at the door step of completing its membership in the European Union as its 28th member.

After the collapse of Communism, Croatia and the rest of Central and Eastern Europe embarked on the transition from state-run/socially-owned to market-based economies. The transition led to a realignment of traditional economic patterns and the progressive integration into the global economy. This enabled Croatia to expand strongly and raised living standards significantly.

No economy has been immune from the impact of the global crisis. Croatia's economy was initially resilient to the impact. Why? Croatia weathered a severe financial and banking crisis in the late 1990s and as a result created robust measures to cushion external shocks or vulnerabilities. Croatian banks were not exposed to toxic assets and there was no run on banks. However, in 2009 Croatia and the region succumbed to enormous external pressure and output declined significantly.

The Croatian government swiftly introduced an Economic Recovery Program (ERP) on April 19, 2010.

Foreign investors are entitled to special tax exemptions depending on the nature of the investment and the business conducted in Croatia. Croatia offers a production tradition, highly educated work force, modern communication systems and high standards of transport infrastructure.

According to the Croatian company law, domestic and foreign companies conduct their business activities under equal conditions. National treatment is applied to all forms of foreign investments, which means that the foreign investors, when executing their business activities, are considered to be domestic legal entities with all rights and obligations as applied to domestic investors. The Constitution of the Republic of Croatia

provides several guarantees for foreign investors. It is specially enacted that all rights acquired by the investment of capital cannot be restricted by law or any other legal act, and that the foreign investors are guaranteed free transfer and repatriation of the profit and invested capital.

In order to be eligible for incentive measures, the investor must fulfill two basic preconditions: the investment of minimum of 300.000 € opening at least 10 new working places within the period of 3 years from the beginning of the investment.

Croatia is an ideal destination for vacation and investment in the tourist industry. The tourist industry accounts for approximately a quarter of the country's GDP and employs about one in four workers. Growth has been steady and the services have improved into world class. The pearls of Croatia—the Eden of Europe—are spotted across the Adriatic panorama from Pula through Trogir and Split to Dubrovnik and the thousand or so islands that make up Croatia's natural splendors. This year the London Times ranked Croatia among the most popular destinations over the next decade.

In experiencing Croatia, you will sense the tastes, scents, sounds, sights, moods, colors and feel of the people and country. But you can only do that by visiting. Tom Peters gives us pause to think: *Take charge of your destiny—be distinct or be extinct. Croatia has heard the call.* The world is changing at a rapid pace, but Croatia wants to capture and retain its traditions. As a result, hence the new logo: *The Mediterranean as it once was.* What does Croatia stand for today? It is traditional with modern streaks, cosmopolitan with an identity of old. What makes Croatia distinct? It is a great place under the sun for a grand vacation.

Since independence, the Croatian wine industry has transformed itself into a modern, first class industry able to compete with the world's leading wines. 53 Croatian wines received awards at the Decanter World Wine Awards 2010 in the London International Wine Fair, one of the most prestigious competitions in the industry.

To obtain and learn about Croatian wines in the United States contact: Vinum USA | 973 822 3434 | ilya@vinumusa.com | www.vinumusa.com.

For specific information about Croatian tourism contact: Croatian National Tourist Office, Inc. – New York | 212 279 8672 | cntony@earthlink.net | us.croatia.hr.

Information and assistance relating to investing in Croatia contact: Consulate General of the Republic of Croatia in New York: 646 623 8089 | mgcgny@gmail.com.