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Osijek-Baranja County

Osijek-Baranja County is located in the north-eastern part of the Republic of Croatia (the Pannonian Region). It encompasses the entire lower course of the Drava River to its confluence with the Danube, with the City of Osijek as the county seat.

The area is predominantly flat, with developed industry and agriculture. Agricultural land covers over 50% of the area (260,778 hectares), while the area of 82,868 hectares is covered by forests.

The Danube and the Drava River (classified as an international waterway from Donji Miholjac to Osijek) connect the area to the European river network. The county is well connected with main European cities through a network of highways and the Osijek International Airport.



Important traffic connections for Osijek-Baranja County



Connecting Osijek to the European corridor X

European corridor Vc



Budapest-Osijek-Sarajevo-Ploče European corridor VII



Sava-Danube-Black Sea



E 73 BUDAPEST-OSIJEK-PLOČE



OSIJEK INTERNATIONAL AIRPORT



THE LARGEST RIVER PORT (ONE OF THE LARGEST PORTS IN CROATIA) Land area: 4,155 km²

Administration: 7 towns, 35 municipalities

Capital: Osijek

Population: 305,032 (2011)

Climate: continental

Unemployment rate (2018): 16.9

Osijek -General Informations

Most important economic sectors in Osijek:

SECTOR	SHARE IN TOTAL INCOME		
Manufacturing	26%		
Retail and wholesale	23%		
Agribusiness	18%		

SECTOR	SHARE IN TOTAL EXPORT	
Manufacturing	55%	
Agribusiness	18%	
Agribusiness	18%	

SECTOR	SHARE IN TOTAL NUMBER OF EMPLOYEES
Manufacturing	22%
Retail and wholesale	15%
Construction	13%



Total number of

Osijek-based companies: 2,828

Number of employees in Osijek: 48,981

Average gross salary: HRK 6,099

Average net salary: HRK 4,611

World Bank's Doing Business report

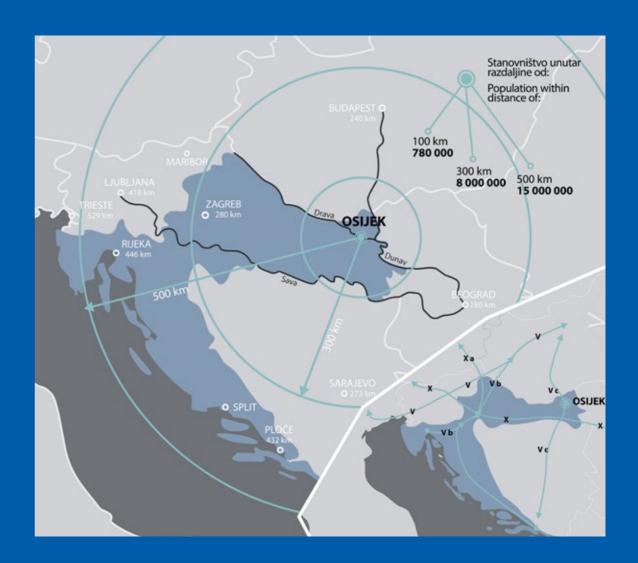
Among the five Croatian cities listed in the report "Doing Business in the European Union 2018", which focused on monitoring business regulations affecting small and medium-sized enterprises in 190 countries of the world, Osijek has been ranked as the second best city. The City of Osijek is the leading city in Croatia when it comes to the registration of property rights and settlement of trade disputes.

Location of Osijek

The superiority of Osijek's geostrategic position is largely determined by the fact that many regional centres, as well as four major cities – Zagreb, Sarajevo, Budapest and Belgrade and their related markets – are located within a 280-kilometre range.

In addition, Osijek is an important intersection of waterway, road, rail and air routes that connect Europe with Croatian ports on the Adriatic Sea, as well as with other Balkan countries, the Middle East, Asia and the rest of the world.

Unfortunately, Croatia is still not a part of the Schengen Area, but we expect that the political disputes related to this issue will be resolved soon.



Transport Infrastructure

An excellent transport infrastructure is one of the most important comparative advantages in relation to the cities located in a wider central European environment. In addition to an airport and a river port, Osijek also has a good railway connection and a high standard of public transport.

2

Osijek Airport

- Located on the state road Osijek-Vukovar, 20 kilometres from the City of Osijek
- 2 million potential passengers within a radius of about 100 to 150 kilometres from the Osijek
 Airport (maximum driving time 1.5 hours)
- One 2,500-metre-long and 45-metre-wide runway
- 300 x 90-metre apron with four marked positions for parking aircraft type A319/320
- Equipped for ground handling of aircraft weighing up to 190 tonnes
- Terminal with an area of 1,800 m^2 enables a flow rate of 200 to 400 passengers per hour and 100,000 to 150,000 passengers a year
- Recertified in accordance with the EU regulation 139/2014 in December 2017 (EASA Regulation)
- Cargo warehouse with a total area of 2,640 m², with both open and closed warehouse space, allows warehousing of goods in three areas, each covering 570 m²
- Certified for acceptance and transport of dangerous goods intended for air transport
- Has all the required infrastructure and equipment to provide cargo handling services, as well as
 all the prerequisites for fast cargo aircraft services
- Trucks have direct access to the apron

Pan-European Transport Corridors

- Corridor X Salzburg-Ljubljana-Zagreb-Belgrade-Skopje-Thessaloniki
- Corridor Vc (a branch of corridor V) Budapest-Osijek-Sarajevo-Ploče
- Corridor VII The Danube River



The Drava River

The Osijek port on the Drava River lies near the mouth of the Danube, the EU's longest and largest river by discharge volume. It connects 10 countries between Germany and the Black Sea. The Pan-European transport corridor Vc, which passes by the west side of the city, and the Osijek International Airport, which is located on the east side, are connected to the city's southern bypass.

The part of the Drava River from the Danube to Osijek, rkm 19.00, represents an international waterway, while the part from Osijek to Ždalica, rkm 198.60, represents the Croatian-Hungarian fairway.

There are 6 ports on the Drava River:

- Osijek, rkm 18.0
- New berth at Nemetin, rkm 12.75
- Belišće, rkm 53.5
- Kapinci, gravel transhipment port, rkm 126
- Terezino Polje, rkm 152
- Zimska Luka port in Osijek, rkm 20.

Except for navigation, the water potential of the Drava River is used for the construction of several hydropower plants in its upper course. River engineering plans also include the construction of seven water weirs, which will also raise the water level on the navigation route downstream of Osijek to the Danube.

Nemetin Industrial Zone

The Zone is primarily intended for use by medium-sized and large enterprises for production plants in the processing industry and for large-scale industrial plants that require larger surface areas and/or must be located near a water purifier.

According to a market research conducted by the Croatian Agency for Export and Investment Promotion, the Nemetin Industrial Zone was ranked as the second best among the national and international industrial business zones in the Republic of Croatia. Also, it is situated in an Area of Special State Concern, which is why the investors who decide to start their business in this zone can expect numerous special reliefs and incentives.

General information

OSIJEK
1,010,000
509,629
Manufacturing
0.6
3.0
22

Infrastructure/energy source capacity

INFRASTRUCTURE/ENERGY SOURCE CAPACITY	AVILABILITY
Gas	Yes
Electricity	Yes
Water	Yes
Sewerage	Yes
Water purifier	Yes

The City of Osijek provides the following benefits for investors in business and industrial zones:

- Land equipped with basic infrastructure (traffic areas, drainage of rainfall runoff and sanitary waters, water, gas and electricity supply systems and telephone lines)
- Benefits that can be obtained through support institutions for entrepreneurs
- Local government's Programme of Additional Reliefs and Incentives for Investors



1st PHASE	1. 2,868 m ²	6. 3,878 m ²	11. 3,550 m ²	16. 7,364 m ²	21. 21,190 m ²
	2. 5,401 m ²	7. 4,570 m ²	12. 28,103 m ²	17. 7,593 m ²	22. 10,585 m ²
	3. 4,976 m ²	8. 4,630 m ²	13. 22,689 m ²	18. 15,942 m ²	23. 10,533 m ²
	$4.3.304 \text{ m}^2$	$9.4.056 m^2$	14. 22.054 m ²	19. 15.889 m ²	
	5. 3,186 m ²	10. 3,196 m ²	15. 15,398 m ²	20. 18,986 m ²	

Total: 239,941 m²

2 st PHASE	24. 10,592 m ²	29. 11,101 m ²	34. 46,560 m ²
ZIIIASE	25. 10,619 m ²	30. 21,430 m ²	35. 46,550 m ²
	26. 11,240 m ²	31. 21,781 m ²	
	27. 11,007 m ²	32. 38,124 m ²	
	28. 11,154 m ²	33. 29,530 m ²	

Total: 269,688 m²

Reduction in land price for export-oriented investors

The right to 25% land price reduction will be granted to investors who earned a minimum of HRK 100,000.00 from export (through priority activities indicated above) in the year prior to the year of opening of the tendering procedure for the sale of the land.

Reliefs and incentive programs for investors in the Nemetin Industrial Zone

- Measure 1.1. building rights
- A) annual fee of HRK 1.00/m2 up to the expiry of 36 months from the date of conclusion of the contract on building rights
- B) annual fee of HRK 20.00/m2 upon expiry of 36 months from the date of conclusion of the contract on building rights
- Measure 1.2. purchase after the implementation of Measure 1.1., along with the reduction in building land price according to the time required for the construction of business facilities
- A) 100% land price reduction if construction of business facility is finished before 24 months from the date of conclusion of the contract on building rights
- B) 75% land price reduction if construction of business facility is finished before 36 months from the date of conclusion of the contract on building rights
- C) 50% land price reduction if construction of business facility is finished before 48 months from the date of conclusion of the contract on building rights

Reduction in land price for investors creating new jobs

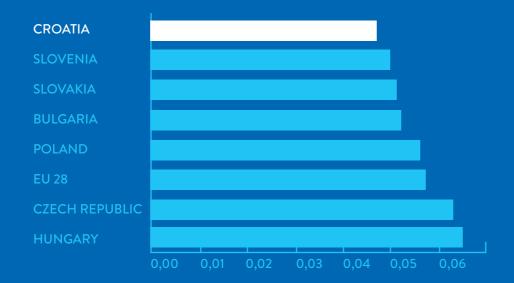
An investor who, after starting operations in the Nemetin Industrial Zone creates new jobs is entitled to a land price reduction when purchasing land in the amount of justified costs of creating new jobs (gross II annual salaries):

- $\Big(\,$ A. 20% of the eligible costs of a new job for creating 1 4 jobs
- B. 40% of the eligible costs of a new job for creating 5 9 jobs
- $\Big($ C. 70% of the eligible costs of a new job for creating 10 20 job
- $\Big(\,$ D. 100% of the eligible costs of a new job for creating over 20 jobs

Public utility charge

Public utility charge for facilities constructed in the Nemetin Industrial Zone amounts to HRK 15.00 /m³.

ELECTRICITY PRICES FOR INDUSTRIAL CONSUMERS (EUR PER KWH), 2017 S1







An association of Osijek-based IT companies – fast-growing companies employing highly skilled IT professionals and exporting products to numerous markets around the globe – has been also established.

The goal of the OSC Project is to popularize the software development industry, which consequently stimulates the interest of young people in pursuing a career in IT and encourages entrepreneurship in the IT sector. The long-term goal is to achieve worldwide recognition of Osijek as the city of IT experts, where they live, work and produce high-quality software.





Nemetin Industrial Zone is the first green industrial zone in the Republic of Croatia. Using alternative energy sources, it will enable not only the production of electricity, but also the production of thermal energy. The energy will be distributed to Zone users free of charge for the purpose of heating or cooling their industrial plants.

The City of Osijek lies on a fertile land in the Pannonian Plain. It is surrounded by two large rivers – the Drava and the Danube. Rich forests and water resources in the region, together with cattle breeding and crop farming (which have a major share in the total economy), provide an excellent foundation and exceptional potential for the use of renewable energy sources with a minimal environmental impact.

For this reason, in cooperation with Josip Juraj Strossmayer
University of Osijek and other Hungarian partners in the project
called "Croatian-Hungarian Renewable Energy Network Project
(CHREN)", which is financed through EU IPA IIIC component
– Cross-border Co-operation Programme Croatia-Hungary,
the City of Osijek established the company "Obnovljivi

izvorienergije Osijek d.o.o." (Renewable Energy Sources Osijek Ltd.). It is as a project-oriented company which is involved in applied research aimed at promoting knowledge about renewable energy sources at the national level.

In the long run, the company's largest and most important project is the construction of a biogas power plant with two 320 kWh cogeneration units, which will be situated in the Nemetin Industrial Zone, on plots 18 and 19.

The implementation of this project and the use of alternative energy sources will enable not only the production of electricity, but also the production of thermal energy, which will be distributed to Zone users free of charge for heating or cooling their industrial plants.





We believe that industries with the strongest potential are:

Food production

Croatia is well-known for being one of the top tourist destinations in Europe and the logical place for food production is the region of Slavonia, with Osijek as its capital.

Livestock

The potential for livestock development is grounded on animal food production. There are numerous private farms regarded as potential cooperants and there are several locations where new farms can be developed.

Furniture production

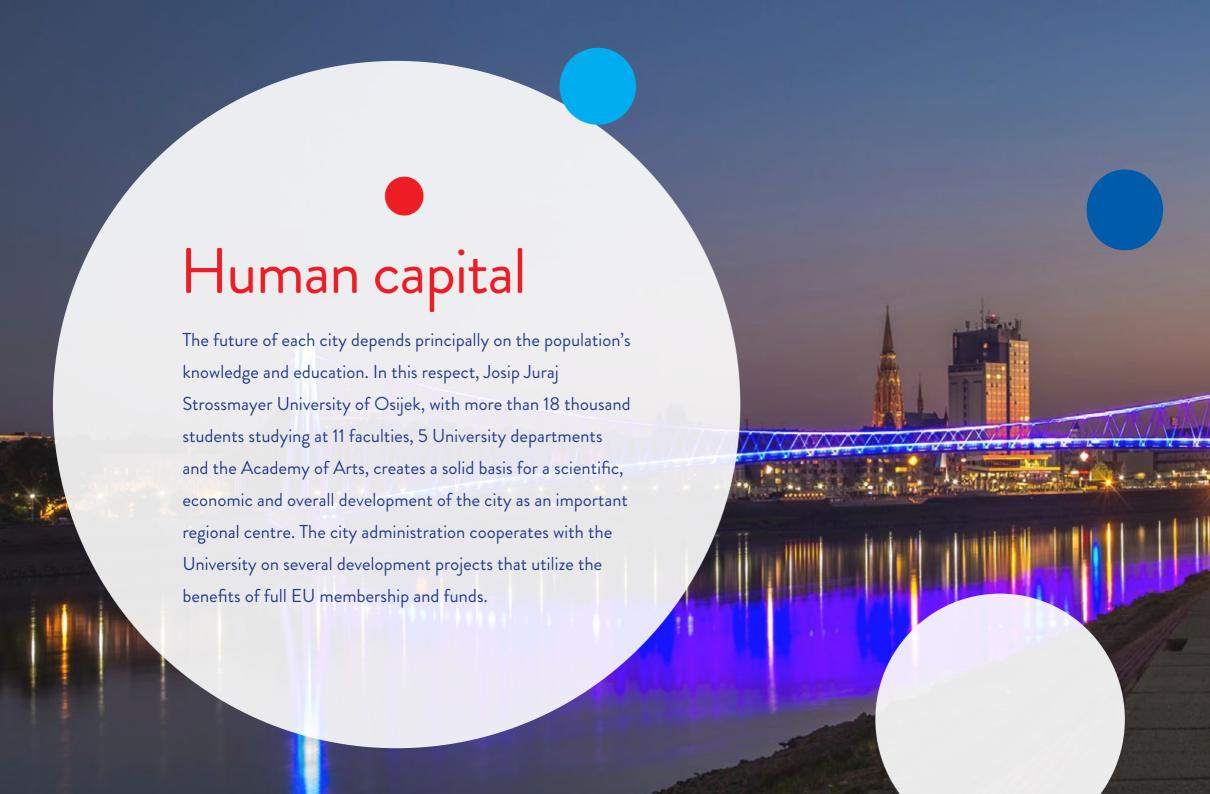
Timber stock in the Republic of Croatia amounts to 398 million m3. The total area of forest and forest lands amounts to 2,688.687 ha, which accounts for 47% of the country's land area. Annual increase in timber stock in Croatia is 10.5 million m3 and the amount of timber exploited is lower than the amount of timber produced. Annual yield of timber indicates the amount of wood mass allowed to be exploited for economic purposes and it amounts to an average of 5.8 million m3. Slavonia is also a region particularly rich in

Automotive/ chemical/textile/ metal manufacturing

Logistically, due to its geographic position, Osijek is a great location for developing an automotive industry. Croatia has strong subcontracting capabilities and Croatian companies are successfully supplying spare parts to all major OEMs. The chemical and textile industries have a long-lasting industrial tradition, while alternative energy sources, especially biogas and biofuels, have abundant resources available. Also, the metal processing industry, especially agricultural mechanization, is marked by industrial experience and has its place in the market.

IT

Growth of the IT sector in Osijek will be additionally supported by an IT-specialized zone worth EUR 2.4 million.



The problem of depopulation and a lack of workforce is an issue that has also affected Croatia/Slavonia/Osijek.

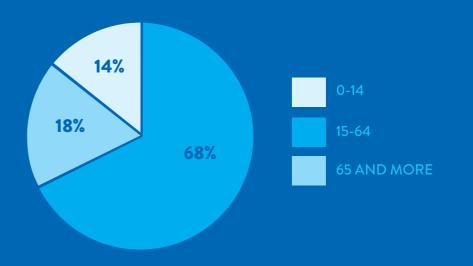
The current unemployment rate in the Osijek-Baranja County is 16.9%, whereas in Croatia, the unemployment rate is 9%.

Young population, without any prior work experience, makes up 40% of the unemployed registered at the Croatian Employment Service.

The local Chamber of Commerce has therefore been actively working on the programs for work-based learning in vocational education and training (VET). It contributes to reducing skill shortages and gaps, reduces youth unemployment, increases entrepreneurship, encourages innovation and, finally, has the potential to foster social inclusion. Investors are welcome to work together with us on identifying the profiles to be included into the so-called dual educational system.

Let us know your needs and we will help you out in finding the way to make it work here, in Osijek.

AGE STRUCTURE





- Amount of investment in fixed assets (companies are eligible for these state aid programs if the minimum investment in fixed assets amounts to EUR 50,000 together with creating at least 3 new jobs for microenterprises; EUR 150,000 together with creating at least 5 new jobs for small, medium-sized and large enterprises; or EUR 50,000 together with creating at least 10 new jobs for the ICT system and software development centres)
- Number of employees in general and from a particular, sensitive group (young people, people without education, people who have been listed in the Croatian Employment Service for longer than 6 months and people over 50)
- Type of business (manufacturing and processing activities, development and innovation activities, business support activities and high added-value services;
- Size of investor (classification of enterprises is done in accordance with the GBER)
- Location of investment (incentives vary from location to location depending on local economies)
- Unemployment rate on an exact location (as in the previous case, the level of incentives per new employee changes depending on the unemployment rate)

- Up to EUR 1 million cash grant for capital cost of the investment projects
- 0% corporate profit tax for 10 years
- Up to EUR 0.5 million cash grant for investment in development and innovation activities
- Up to EUR 18,000 for each new employee
- EU funds available
- Guarantee scheme, provided by the Croatian Agency for SMEs, Innovations and investments (HAMAG-BICRO) (up to 80% of investments)
- Business loans programs by the Croatian Agency for SMEs and Innovations and investments (HAMAG-BICRO) with interest rates starting from 0%
- Subsidized business loans programs (loan repayment up to 17 years/ interest rate starting from 2%, provided by the Croatian Bank of Reconstruction and Development (HBOR)

The amount of aid is calculated as a percentage of the investment value, which is determined based on eligible investment cost (tangible – value of land/buildings and plant/machinery and intangible assets – patent rights, licences, know-how, or the gross wage calculated over a period of two years) further increased by the application of corrective criteria.

There are also local incentives, as summarized here:

Local/ regional incentives include

All the details on investment incentives, conditions, rules, process and documentation, including applicable legislation, are available upon request.

subsidized interest rates



Foreign investors in Croatia

Domestic and foreign companies conduct business operations under equal conditions. Foreign investors headquartered or with residence in a non-WTO member country need to meet the reciprocity condition. The Constitution of the Republic of Croatia provides several guarantees for foreign investors. It is especially stipulated that none of the rights acquired through the investment of capital can be restricted by law or any other legal act and that foreign investors are guaranteed free transfer and repatriation of profit and invested capital. Foreign citizens wishing to acquire real estate in Croatia may do so only if there is a reciprocal agreement with the country allowing Croatian citizens to do the same. The latter does not apply to the citizens and legal entities coming from the EU. They can acquire ownership over real estate under the same assumptions that apply to Croatian citizens and legal entities headquartered in Croatia, with the exception of specific real estate, i.e. agricultural land protected by special laws and protected nature reserves.

E-Permit

The Ministry of Construction and Physical Planning has developed the 'e-permit' system, which enables that all building and use permits for construction works are issued electronically.

Labour Act

The main legislative framework for labour relations is provided by the Labour Act. Some specific issues, like health insurance and education, are more specifically regulated by special legislative acts and/or international treaties that are in force in the Republic of Croatia.

Employers, employees, workers' councils and trade unions can agree on working conditions that are more favourable for the employee than those set by the law. The employer, employers' associations and trade unions can agree, under a collective agreement, on less favourable working conditions than those prescribed in the Labour Act, but only if the law expressly provides for that. If any of the rights deriving from employment are regulated differently in the employment contract, work regulations, agreements between the workers' council and the employer, the collective agreement or the law, the right that is most beneficial for the employee will be applied, unless the Labour Act or any other act provides otherwise.

Every employer who employs more than twenty employees is obligated to adopt and publish work regulations which govern salaries, the organization of work, procedures and measures to protect the dignity of workers, safeguards against discrimination and any other issues relevant for the employees employed by the employer, if those matters are not covered by the collective agreement.

The Act provides for the obligation of determining the gross salary, which must be indicated in the employment contract and which will be paid to the employee for his/her work.

Moreover, the Act defines the minimum gross salary to be paid in accordance with the employee's qualifications. For difficult working conditions, overtime, night work and work on Sundays, holidays or any other day for which the law provides that it is not a working-day, employees are entitled to a salary increase.

Tax and customs system

Tax treatment of residents and non-residents is equal.

Taxation of non-residents is conducted respecting double taxation avoidance contracts, which Croatia has signed with over 60 countries.

BASIC TAX TYPES IN CROATIAN TAXATION SYSTEM:	TAX RATE
Corporate Income Tax (Profit Tax)	
Tax rate is 12% if a company generates revenues up to HRK 3,000,000.00 in the tax period or 18% f the revenues in the tax period are higher than HRK 3,000,000.01.	12% and 18%
Corporate income tax by withholding is 15%, except for dividends and profit shares, for which the tax rate is 12%.	
The tax rate is 20% on all types of services paid to persons or companies who have control of the	12%
operations in the countries considered as tax havens or financial centres, except EU member	15%
states and the countries that have signed and implemented treaties on double taxation avoidance with Republic of Croatia, a list of which is published by the Ministry of Finance.	20%
Capital Income Tax from interest, as well as from capital gains, is paid at the tax rate of 12%.	12%
Income Tax	
Annual income tax on taxable income up to HRK 210.000,00 kn is paid at the rate of 24%, while the taxable income exceeding HRK 210.000,00 kn is paid at the rate of 36%.	24% and 36%
Value Added Tax is 25%.	
The reduced rate of 5% is applied to certain categories of products (bread, milk, books, medicines, medical equipment, newspapers and magazines).	
The reduced rate of 13% is applied to the following services: tourist accommodation, water supply,	25%
electricity supply and mixed municipal waste collection, as well as to certain categories of products	
Gedible oils and fats, baby food, children's car seats, seedlings and seeds, fertilizers and pesticides	
and food for animals, except for pets).	
Real Estate Transfer Tax	4%

Tax exemptions

Corporate income tax (withholding) is not paid if the compensation is paid as income attributed to a domestic business unit of a foreign entrepreneur.

Taxpayers who perform their business activities in the area of the City of Vukovar, and who employ more than five permanent employees, provided that more than 50% of their employees have temporary or permanent residence in the supported areas classified in the first group according to their level of development, or in the City of Vukovar, are not required to pay corporate income tax.

Taxpayers who perform their business activities in the local self-government areas classified in the first group of development (determined in accordance with special legislation on regional development of the Republic of Croatia), and who employ more than five permanent employees, provided that more than 50% of their employees have temporary or permanent residence in the supported areas classified in the first group according to their level of development, or in the City of Vukovar, are required to pay 50% of the prescribed tax rate.

Real estate transfer tax is not paid when real estate is contributed to the capital of a company, when real estate is acquired in a merger or acquisition process (in accordance with the provisions of the Companies Act), or in the process of dividing a company into several companies.



Customs system

By the accession of the Republic of Croatia to the European Union, the area of the Republic of Croatia became a part of a single customs territory of the Union. The entry into a single customs territory of the EU meant that, on 1 July 2013, all customs control measures for entry of goods or trade between Croatia and other Member States were abolished. Trade in domestic goods between persons in different Member States is not considered import and is not subject to customs procedures and supervision.

The subjects of customs control measures are the goods brought from non-EU countries and which are subject to customs supervision from the time of their entry. These goods require customs-approved treatment or use. The implementation of the new Customs Code according to the EU Regulation 952/2013 started on 1 May 2016. Given that the application of the provisions of the Customs Code requires the development of new applications or refinement of existing applications, the Commission Implementing Decision of the Work Programme for the Union Customs Code of 29 April 2014 laid down the program containing a list of electronic systems, with required transitional period lasting at most until 31 December 2020.

Intellectual property rights

Croatia is aware of the fact that in today's world, the enhancement of products and production processes is the key to the survival of large global companies that invest enormous amounts of resources in research and development of new products and technologies. In such an environment, intellectual property has become the most valuable item in a company's assets and one of the very important components in the business world in general. At the end of 2003, Croatia adopted several acts on protection of intellectual property. Therefore, the Croatian legal framework has been fully coordinated with EU regulations. Croatia is a member of the World Intellectual Property Organization (WIPO) and a signatory of all-important international instruments in the field of intellectual property. As a full WTO member, Croatia is a party to the Uruguay Round Agreement on Trade-Related Intellectual Property Rights (TRIPS).



The Croatian National Theater, with its program that includes opera and ballet, as well as the historical city core Tvrđa or the Museum of Slavonia (established in 1877), will confirm the feeling of bliss evoked by living in a city built to fulfil human needs, but still offering all the opportunities expected from a cultural centre. Osijek does not take up your time in endless commuting endeavours. In fact, it is just the opposite.

Once a major military base of the Habsburg Monarchy, Osijek is a city with an extremely rich history. Nowadays, it is landmarked by the refined architecture of the main streets in the Upper Town. Besides that, Tvrđa, formerly a fortress, now has bars, restaurants and a regional museum. In 1996, the City celebrated its 800th anniversary.

People in Osijek love their beautiful city, appreciate diversity, order and cleanliness and they are doing everything it takes to keep it a liveable and peaceful place.





Contact us

City of Osijek / Economy Department

IGOR MEDIĆ - HEAD OF DEPARTMENT

e-mail: gospodarstvo@osijek.hr

phone: +385 31 229 229