



INVESTORS GUIDE – CITY OF VUKOVAR

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1. ABOUT VUKOVAR

1.1. GENERAL INFORMATION

Vukovar is situated in the northeastern part of the Republic of Croatia (45° 20' North latitude and 16° 40' East longitude) and it is the hub of the Vukovar-Syrmia County. It lies on the Vuka and Danube River estuary (the Port of Vukovar – at km 1335 of the Danube River) and has a borderline position on the Danube River facing Vojvodina in Serbia.

Because of its specific geographic position, characterized by an international waterway - the Danube River - Vukovar is an important intersection of arterial traffic routes. It has good traffic connections with neighboring Bosnia and Herzegovina, Hungary and Serbia.

Vukovar is 16 km from the city of Vinkovci, the largest railway intersection in Croatia. The D55 state road is a good connection through Vinkovci to the Županja interchange, which is 39 km, on the Zagreb-Lipovac A3 motorway. Osijek is 33 km away, connected with Vukovar via the D2 state road that connects it with the Vc corridor (A6 motorway). With the construction of Klisa Airport, located some 20 km west of Vukovar, this area has been put on the air traffic map.

The planned multifunctional Danube-Sava channel, which will connect these two rivers running through Vukovar and Bosanski Šamac, is a part of the future combined river/railway Transdanubia-Adriatic (Vukovar-Rijeka) traffic corridor. The starting point of the channel is in the area of the current Port of Vukovar. Through this channel, Vukovar will gain additional traffic and strategic importance in the transit of goods in this part of Europe. It is expected that Vukovar will become the main Croatian river harbor and the major international commodity, commercial and production zone.

All the above mentioned characteristics make Vukovar one of the most important hubs on the artery of main Croatian roads, especially in terms of the international transit of goods.

In the 2011 national census, Vukovar's population was 29,425.

1.2. ESSENTIAL DATA ON THE ECONOMY¹

Employment level (December 2011)	10,447
Unemployment level (December 2011)	2,730
Unemployment rate	20.72%
Number of companies	341
Number of operating craft and trade businesses (March 2012)	489
Average net salary in the market (2010)	HRK 3,330.84
Principal business activities according to their share in total revenue:	
Trade	35.8%
Agriculture/farming	21.3%
Processing industry	12.2%
Construction industry	7.0%

The structure of Vukovar's economy is characterized by a substantially higher share of the primary sector compared to the Croatian average, while the share of the secondary sector or of the processing industry is a lot lower. The share of wholesale and retail trade is the highest with 35.8%. The share of the primary sector grew substantially from 9.6% in 2009 to 21.3% in 2010, while the share of the processing industry of 9.0% in 2009 grew to 12.2% in 2010. However, the drop from 9.0% in 2009 to 7.0% in 2010 was marked in the construction industry. At the same time, the share of the primary sector at Croatian level is only 2.6%, while the processing industry's share is 25.6%. In Croatia in general, the largest share in the structure of the economy is taken by trade – 35.3%.

The continued trailing behind is noticeable in individual activities/industries within the structure of the Vukovar City economy, compared to the whole of Croatia: transport and storage activities, accommodation and food preparing/catering activities, power and steam supply, information and communications.

The presented indicators show that wholesale and retail trade, farming, the processing industry and the construction industry are the activities that bring revenue to the City of Vukovar. Together they earn more than 76 % of the total earned entrepreneurial income (HRK 2,256,312,511.00).

Out of the total 341 business entities, 95.6% (326) are small businesses participating with 48.1 % in the total income earned by all business entities. Small businesses employ 49.5% (2,613) of the total number of employees in all business entities (5,282).

The average net salary per employee in 2010 was HRK 3,330.84, which was 2.3% higher compared to 2009. At the same time, the average salary in Croatia was HRK 4,664 (a 1.8% increase). The average salary in Vukovar was thereby 28.6 % lower than the national average

¹Source: <http://www.vukovar.hr/images/stories/files/uog/vukovarsko-gospodarstvo.pdf> (June, 2012)

Table: Business entities according to activities and size

2010 Data					
ACTIVITY		NUMBER OF COMPANIES			
Code	Name	SMALL	MEDIUM	LARGE	TOTAL
A	A AGRICULTURE/FARMING, FORESTRY AND FISHING	8	0	1	9
C	C PROCESSING INDUSTRY	63	2	0	65
D	D POWER, GAS, STEAM SUPPLY AND A/C	5	0	0	5
E	E WATER SUPPLY; DISPOSAL OF WASTE WATER, WASTE MANAGEMENT AND ENVIRONMENT RESTORATION ACTIVITIES	3	2	0	5
F	F CONSTRUCTION INDUSTRY	40	1	0	41
G	G WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	109	5	0	114
H	H TRANSPORT AND STORAGE	18	1	0	19
I	I ACCOMMODATION, FOOD PREPARATION AND SERVING/CATERING	8	0	0	8
J	J INFORMATION AND COMMUNICATIONS	12	0	0	12
K	K FINANCIAL AND INSURANCE ACTIVITIES	1	0	0	1
L	L REAL ESTATE BUSINESS	5	0	0	5
M	M PROFESSIONAL/SPECIALIST, SCIENTIFIC AND TECHNICAL ACTIVITIES	39	2	0	41
N	N ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	4	1	0	5
P	P EDUCATION	6	0	0	6
Q	Q HEALTH CARE AND WELFARE ACTIVITIES	3	0	0	3
S	S OTHER SERVICE INDUSTRY ACTIVITIES	2	0	0	2
	TOTAL	326	14	1	341

Table: The average paid net salary according to activities and size

ACTIVITY		SMALL	MEDIUM	LARGE
Code	Name			
A	A AGRICULTURE/FARMING FORESTRY AND FISHING	3,258.99	N/A	4,460.87
C	C PROCESSING INDUSTRY	2,766.29	2,655.32	N/A
D	D POWER, GAS, STEAM SUPPLY AND A/C	4,527.63	N/A	N/A
E	E WATER SUPPLY; DISPOSAL OF WASTE WATER, WASTE MANAGEMENT AND ENVIRONMENT RESTORATION ACTIVITIES	5,831.95	3,434.72	N/A
F	F CONSTRUCTION INDUSTRY	3,166.26	2,761.33	N/A
G	G WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	2,699.06	3,629.64	N/A
H	H TRANSPORT AND STORAGE	3,582.90	3,973.54	N/A
I	I ACCOMMODATION, FOOD PREPARATION AND SERVING/CATERING	2,588.38	N/A	N/A
J	J INFORMATION AND COMMUNICATIONS	3,844.73	N/A	N/A
K	K FINANCIAL AND INSURANCE ACTIVITIES	2,923.08	N/A	N/A
L	L REAL ESTATE BUSINESS	1,988.46	N/A	N/A
M	M PROFESSIONAL/SPECIALIST, SCIENTIFIC AND TECHNICAL ACTIVITIES	4,199.37	13,906.83	N/A
N	N ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	3,380.63	3,070.09	N/A
P	P EDUCATION	2,819.51	N/A	N/A
Q	Q HEALTH CARE AND WELFARE ACTIVITIES	3,155.47	N/A	N/A
S	S OTHER SERVICE INDUSTRY ACTIVITIES	2,212.08	N/A	N/A

During February 2012, the Croatian Employment Service records showed 2,964 unemployed persons on the territory of the city of Vukovar, which is a 1.3% increase compared to January but a fall of 1.9% compared to the same month of the previous year. Prevailing in the unemployment structure are women (52.2%), individuals aged 45 years or older (35.4%) and individuals with vocational high school qualifications (35.8%).

Table: Unemployment structure according to education qualifications

Education qualification	City of Vukovar	%
No school qualifications	44	1.5
Elementary	749	25.3
Three-year high school (vocational)	1,062	35.8
Four-year high school (vocational)	794	26.8
Grammar/gymnasium school	89	3.0
College, professional/vocational studies	137	4.6
Tertiary education, university	89	3.0

The base market is defined by the neighboring areas of Eastern Slavonia, Baranja and Western Sirmia in Croatia and Western Bačka and Eastern Sirmia regions in Serbia, as defined by the road traffic accessibility within one-hour. This area covers two counties in Croatia (Vukovar-Syrmia and Osijek-Baranja Counties) and four districts in Serbia (Srem, North, West and South Bačka) covering an area of 17,812 km² with a total population of 1,880,897. The base market is well connected via road and railway as well as via the Danube and Sava rivers.

The region has over 20,000 active entrepreneurs and around 400,000 registered vehicles.

Another element that makes this market attractive is the CEFTA agreement which has been signed by the countries in South Eastern Europe. The agreement has liberalized or lowered custom duties for export between the Agreement countries (Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Albania, Moldova, and UNMIK/Kosovo).

1.3. GEOTRAFFIC (GEO-COMMUNICATION) POSITION ²

The City of Vukovar is very well positioned in the Central and Southeast European region. Vukovar is situated approximately at the central point of the Danube waterway (Corridor VII) between Ulm in Germany and the Black Sea estuary.

The City's position is very good for access to other markets within the CE and SEE regions because it lies on, or very near the following trans-European corridors:

- Corridor VII – Danube River (Port of Vukovar)
- Osijek International Airport -> 16 km away
- Corridor X -Rail -> 14 km away from the Vinkovci interconnection (largest regional rail interconnection)
- A3 Motorway -> 42 km away
- Corridor Vc -Rail and A5 Motorway -> 31 km away



Vukovar has a better position within the region compared to the other nearby hubs.

Table: Distances between regional hubs :

	Vukovar	Osijek	Vinkovci	Ilok	Županja
Vukovar	-	37	20	36	48
Osijek	37	-	50	72	107
Vinkovci	20	50	-	57	29
Ilok	36	72	57	-	84
Županja	48	107	29	84	-

	Vukovar	Osijek	Vinkovci	Županja
Beograd	143	248	174	157
Novi Sad	79	115	98	130
Sombor	68	75	80	111
Subotica	127	134	139	170

*All routes calculated on the viamichelin.co.uk web site using the Michelin recommended route option

² Source: GARBAC, Davor: The European shaping of the development process with options of its application to the City of Vukovar – specialist paper, call number: 338.2/GAR/ e

Figure: Vukovar's position in relation to important traffic routes in the region



1.4. REGIONAL TRAFFIC DEVELOPMENT PLANS³

The position of Vukovar will become even better following the implementation of regional physical plans which include the following regional traffic infrastructure improvements:

- construction of a four-lane Vukovar ring road as part of a multimodal rail/road/river interconnection/intersection
- construction of fast roads connecting Vukovar to corridors X and Vc and to the border crossings on these corridors
- construction of the Vukovar-Šamac channel, connecting the Danube and Sava river traffic routes
- reconstruction of the M601 Railroad connecting the Port of Vukovar with the Vinkovci railroad junction (ensuring a higher level of service)
- construction of a new local transport network (both rail and road)
- the detailed physical plan is available at the following link: <http://www.vusz.hr/info/prostorni-planovi>

³Source: GARBAC, Davor: The European shaping of the development process with options of its application to the City of Vukovar – specialist paper, call number: 338.2/GAR/ e

Figure : Local traffic infrastructure development plans

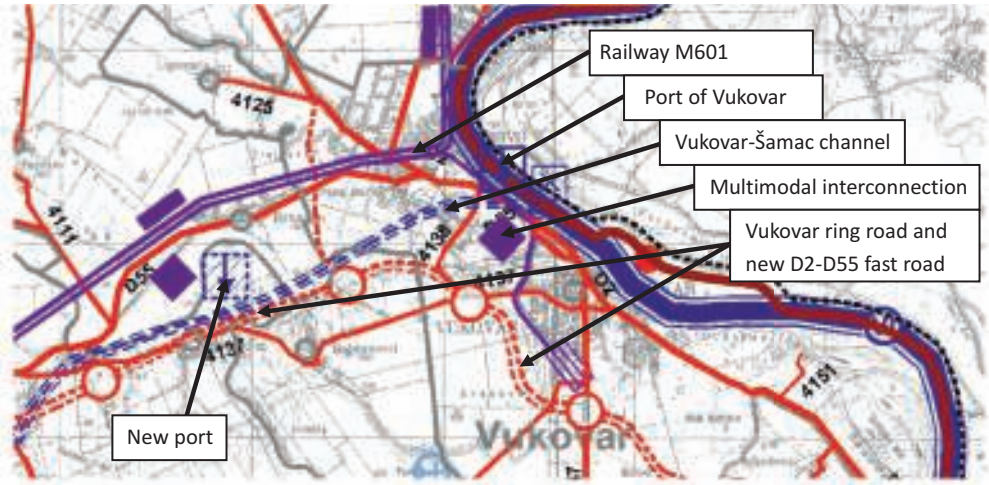
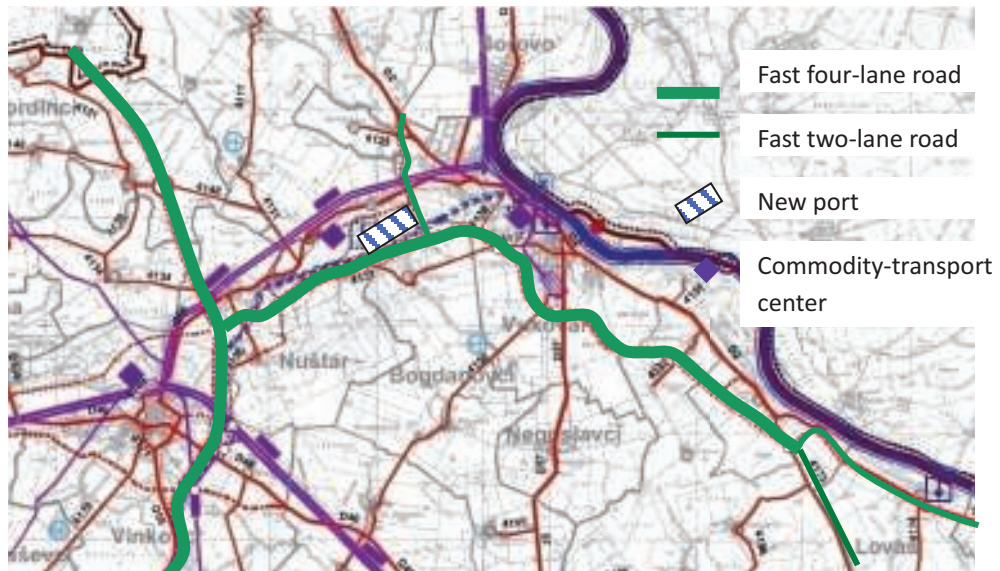
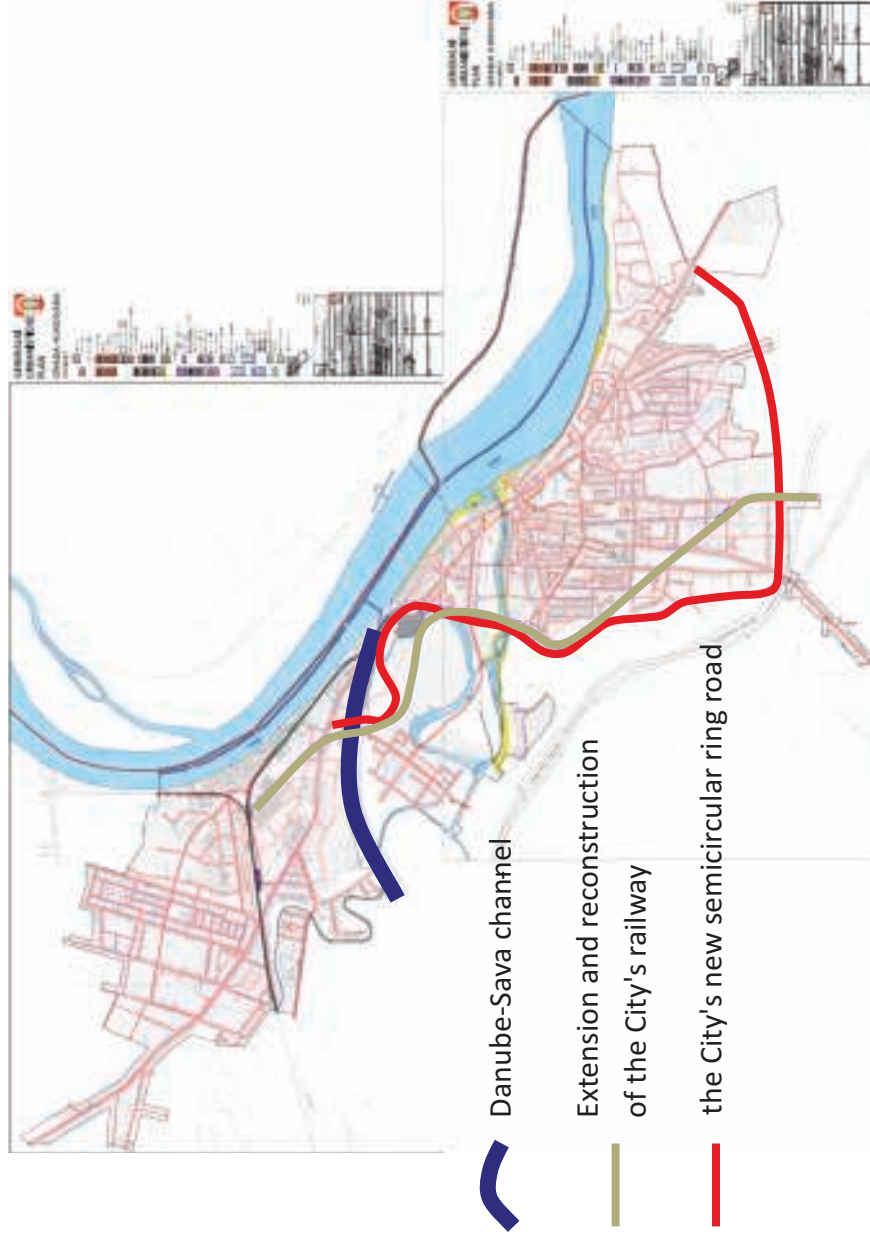


Figure : The physical development plan of the Vukovar-Syrmia County traffic network



Drawings according to the excerpts of the physical plan, Vukovar-Syrmia County Physical Plan Amendments, CD-ROM

Figure : Development plan for the Vukovar city traffic network



1.5. STATUS OF INFRASTRUCTURE

The municipal infrastructure (utilities) in the city of Vukovar has been reconstructed after being destroyed in the war and it is in very good condition. A modern water supply and drainage system has been provided for the city. Intensified operations to construct a central waste water treatment plant are currently underway.

The traffic infrastructure has mostly been reconstructed and the local L213 railway is about to be reconstructed, which connects the city with the railway network and connects industrial zones with the harbor area and the main M601 railway leading to the Vinkovci interconnection (Corridor X)

2. PORT OF VUKOVAR⁴

2.1. ESSENTIAL INFORMATION

The Port of Vukovar is located on the right bank of the Danube River, at km 1,335. Because of the position and the available year-round docking service, it is one of the most important river ports in the Central and Southeast Europe. The biggest advantage of the Port of Vukovar is its position allowing year-round docking services during maximum and even minimum water levels.

The port area is located along the main city road, the D2 state road (connection to the Corridor Vc) and it is in the immediate vicinity of the D 55 state road junction (leading to Corridor X). The main railway of a higher service level connects the port with Corridor X via the Vinkovci interchange which is 20 km away.

The port is located in the immediate vicinity of the Vukovar Economic Zone, the Borovo agricultural-industrial complex and the zone of Priljevo. Other areas of industrial activity in the city of Vukovar are connected with the port through the local railway network.

The Port area is spread over 26 hectares, with reloading capacities at 1.2 million tons. The Port area has 4 cranes, with available railway and road infrastructure and open and enclosed storage areas. The port equipment allows the reloading of all types of cargo.

In the period between 2003 and 2006, the Port expanded its reloading activities by 300%. It is the only port on the territory of the former Yugoslavia that has achieved the reloading performance results of the pre-war period. However, the economic crisis has had a negative effect on the volume of reloading activities, reducing them by half. On the other hand, this has not affected Luka Vukovar's business results which have remained positive.

The 305,000t reloading per crane makes the Port of Vukovar one of the most efficient European ports.

⁴ Source www.luka-vukovar.hr (June, 2012)

The master plan has been developed for further expansion of the port in anticipation of the new "East" and "West" ports and reaching of the highest reloading capacities of 4.5 million tons per year. The master plan includes 2 investment phases:

- Phase 1– Implementation of terminals and facilities in the existing Port and the New East Port
- Phase 2 – Implementation of terminals and facilities in the New West Port with the port area extension to the Borovo industrial zone
- Total investment value is approximately EUR 88 million

Figure: The position of Vukovar in the domestic waterway network in Croatia



Port facilities and capacities

- Locomotives DHC 400 and DHC 600 hp
- Grab for the bulk cargo from V = 5m³ to 13m³
- the reloading device (spreader) 20 "and 40" containers.
- capacity of 2.5 t, L = 3m, H = 2.7 m
- the vehicle handling device for: 1) load capacity 3.6 tons, L = 4m H = 3.4 m
- Tugboat-pusher „Priljevo" Power 480 hp
- 10,000 m² of open storage space
- 3,000 m² of enclosed warehouse space
- 1 x 20 t forklift
- 7 x forklifts capacity of 2 to 5 tons (Linde)
- 2 x ULT loader
- 1 x mobile harbor crane 63 t payload (Gottwald HMK 170)
- 2 x harbor portal crane 5/6 t capacity (Ganz)
- 1 x harbor portal crane 16/25 t capacity (Ganz)

3. ADVANTAGES OF INVESTMENT IN VUKOVAR⁵

There are numerous provisions and options for combining various incentives provided in the regulations for investors. The Incentive Plan defines amounts of funding and combinations of various options provided in the national or local government regulations of the Republic of Croatia.

LIST OF MOST IMPORTANT INVESTMENT LEGISLATION for the territory of the City of Vukovar;

- The Act on the Areas of Special State Concern (OG RoC 44/96, 57/96, 124/97, 73/00, 87/00, 94/01, 88/02, 26/03, 42/05, 90/05, 86/08)
- The City of Vukovar Reconstruction and Development Act (OG RH 44/01, 90/05, 80/08)
- The Investment Incentives Act (NN RH 73/00, 127/00, 138/06)
- The Income Tax Act (OG RH 109/93, 35/95, 127/00, 177/04)
- The Profit Tax Act (OG RH 177/04, 90/05, 57/06)

Entrepreneurial and market freedom are the fundamental bases for the economic structure of the Republic of Croatia. The Republic of Croatia will ensure that all entrepreneurs (both local and foreign) have an equal legal position on the market. Any foreign investor may move the profit and the invested capital freely to other countries. The Croatian tax system is comparable to other tax systems of EU member countries, and it is based on a combination of direct and indirect taxes.

3.1. INVESTMENT INCENTIVE ACT⁶

The incentives based on this Act are, as follows:

1. tax relief,
2. customs relief,
3. aid for justified new jobs creating costs associated with investments,
4. aid for justified improvement training costs associated with investments,
5. incentives for the creation and development of:
 - 5.1. technological development and innovation centers and
 - 5.2. strategic business support activities,
6. incentives for major investment projects – investment projects of major economic interest.

⁵ Source: www.vura.hr ; www.vgz.hr ; www.ar-hrast.hr

⁶ Source: www.hamag.hr (June, 2012)

Tax Relief

VALUE OF INVESTMENT	PROFIT TAX RATE	DURATION OF RELIEF	MINIMUM NUMBER OF EMPLOYEES
1,5 mil. €	10%	10 year	10
1,5 - 4 mil. €	7%	10 year	30
4 - 8 mil. €	3%	10 year	50
More than 8 mil. €	0%	10 year	75

The total tax relief that the incentives beneficiary may use during the tax relief period shall be determined in an absolute amount as a balance of the accounted profit tax due calculated based on the Profit Tax Act and the amount calculated on the basis of this Act, in compliance with the maximum allowed amount of the total incentives.

If the incentives beneficiary has not met the condition of the creation of new jobs or if it has reduced the number of new jobs, their entitlement to the tax relief will be terminated for the entire period for which it has been approved and they will be obliged to reimburse the funds acquired through the exercise of tax relief entitlements plus the default interest.

The minimum period of duration of the incentives, i.e., of the preservation of the subject investment and of new job openings associated with such investment is 5 years but it may not be shorter than the period of use of the incentives.

Customs Relief

During the importation of equipment that may be considered an investment, the customs duty on the goods shall not be paid, as defined in the Customs Tariff Chapters 84, 85, 86, 87 (except for automobiles with an engine volume larger than 1500 cubic centimeters), 88, 89 and 90 of the Customs Tariff Act. The customs relief for investments as defined in this Act shall become ineffective on the date of that Croatia joins the European Union.

Aid granted for justified new job creating costs in investments

The incentives beneficiary that has created new jobs associated with investments in individual areas (counties), according to the records of the State Statistics Agency for the previous year with registered unemployment rates, will be granted:

UNEMPLOYMENT RATE	GRANT-IN- AID (non-refundable)	MAXIMUM AMOUNT
up to 10%	10%	<1.500 €
10 – 20%	15%	2.000 €
over 20%	20%	3.000 €

Aid for justified improvement training costs associated with investments

The incentives beneficiary that has created new jobs associated with investments will be granted non-refundable aid for the training of employees for new job positions.

Aid for justified training costs associated with investments may be awarded in the form of:

1. *aid for general-purpose training*: general-purpose training intended for the acquiring of general-purpose knowledge used at the current or future job performed for the incentives beneficiary who is also the state aid beneficiary. It may be transferred to other entrepreneurs or activities and it significantly improves employment opportunities.

The training shall be considered general-purpose training:

1. if it has been jointly organized by several independent entrepreneurs or if the employees of various entrepreneurs can use such training
2. if it has been recognized, authorized and certified by government authorities or other authorized entities and institutions of the Republic of Croatia.

2. *aid for special training*: special training is intended for the acquiring of theoretical and practical knowledge that may be useful at the current or future job performed for the incentives beneficiary who is also the state aid beneficiary, which may be transferred or may be transferred with limitations to other entrepreneurs or activities.

The support for justified training costs may not exceed the maximum intensity, as follows:

1. aid for special training, such aid may not exceed 35% for large entrepreneurs or 45% for small and medium-size entrepreneurs,
2. aid for general-purpose training, it may not exceed 60% for large enterprises or 80% for small and medium-size businesses,
3. if aid includes both types of training; both special and general-purpose training – and if it is not possible to break down the costs to calculate the extent of aid, i.e., if the special or general-purpose of the training cannot be separately determined and identified, then in the accounting we apply the maximum intensity for special training.
4. The justified training costs are, as follows:
 - a) instructor costs,
 - b) instructor and trainee travel expenses,
 - c) other out-of-pocket expenses,
 - d) device and equipment write-off/depreciation costs according to the scope of their use for training purposes,
 - e) consulting costs relating to the training project, training student costs up to the amount of all justified costs defined in the above subparagraphs marked from a) to e). The calculation shall include only working hours of active participation in the training, after the deduction of productive working hours or their equivalents.

3.2. CUSTOMS RELIEF

According to the City of Vukovar Reconstruction and Development Act (OG 44/01,90/05,80/08) and the Regulations on the application of customs relief in the importation of the initial equipment for reconstruction and development of the City of Vukovar (OG 73/01,18/08), the importation of the initial equipment needed as a prerequisite for the optimal performance of commercial activities by legal entities and natural persons registered in the City of Vukovar, and for performance of social/community activities, shall not be subject to the payment of customs duties. The initial importation of the equipment covers the period of five years from the importation date. Customs relief beneficiaries may be:

- Companies and merchants-individuals that are engaged in commercial or similar activities with a registered office or permanent residence on the territory of the City of Vukovar,
- Institutions and other legal entities engaged in social/community related activities on the territory of the City of Vukovar,
- Independent entrepreneurs (tradesmen) with a permanent residence and business address on the territory of the City of Vukovar,
- self-employed persons engaged in professional activities (lawyers, doctors etc.) with a permanent residence and business address on the territory of the City of Vukovar and
- farmers with a permanent residence on the territory of the City of Vukovar that use or own farming land and are engaged in agricultural/farming activities on the territory of the City of Vukovar.

The equipment imported under customs duty payment exemption terms may not be resold or alienated on any other grounds, lent, given to a third party to use, pledged, leased or provided as security for another obligation before the expiration of the five-year period starting from the importation customs clearance date, without prior written notice given to the Customs Authority relating to such action and before the customs duty is accounted and paid. Otherwise, the customs duty will be billed at the rate applicable on the date of incurrence of such circumstances, based on the type of goods and the customs value established on that date or accepted by the Customs Office.

The said relief shall become ineffective on the date the Republic of Croatia joins the EU.

3.3. TAX RELIEF

PROFIT TAX

Payers of the profit tax operating on the territory of the City of Vukovar, except for those performing agricultural/farming and fishing activities, who employ more than five employees on a permanent, non-fixed time basis, with more than 50% of the employees with permanent and temporary residence on the territory of the City of Vukovar, or in a highland area, or in an area under special state concern, shall pay profit tax as follows:

- shall not pay profit tax in the period from 2008 to 2010,
- shall pay 25% of the prescribed tax rate in the period from 2011 to 2013,
- shall pay 75% of the prescribed tax rate in the period from 2014 to 2016.

Profit tax payers operating in the agricultural/farming and fishing sector on the territory of the city of Vukovar, who employ more than five employees on a permanent, non-fixed time basis, with more than 50% of the employees having permanent or temporary residence on the territory of the City of Vukovar or in a highland area or in an area under special state concern, shall be exempt from the payment of profit tax until the date the Republic of Croatia joins the European Union.

The rate of the profit tax payment exemption for the said time periods shall be determined in compliance with the conditions and criteria defined in the Decision on the publication of the “de minimis” aid related regulations.

Starting from 2017, profit tax payers, as defined in Paragraph 1 of this Article will pay profit tax according to the provided applicable tax rate.

It is considered that the tax payer defined in Paragraph 1 herein has employed an employee on an undetermined time basis if the employee, with permanent and/or temporary residence on the territory of the City of Vukovar, has been employed with the tax payer for a minimum of nine months in the relevant tax period.

INCOME TAX

Self-employed income tax payers operating on the territory of the City of Vukovar, employing more than two employees on an undetermined time period basis, with more than 50% of the employees having permanent and/or temporary residence in areas under special state concern for, as a minimum, nine (9) months of the tax period, shall be exempt from the payment of income tax in a ten (10)-year period starting from the starting date (2004) of the implementation of this Act, thereafter they will be entitled to a 75% reduction of income tax.

REFUND OF PAID CONTRIBUTIONS

Employers with a registered office in Vukovar, that employ employees with a registered permanent residence in Vukovar, based on a written submitted request/application, shall be entitled to a 50% refund of the paid pension and health insurance contributions.

3.4. LOCAL AID⁷

BUSINESS NAME TAX

Based on the Resolution of the City of Vukovar Taxes, the exemption from the payment of the business name tax shall apply to:

- a) new entrepreneurs that are also employers, for a maximum period of three years,
- b) existing entrepreneurs that have increased the number of employees, for a maximum period of three years.

The Decision on the tax payment exemption shall be made by the City Government upon the request of the entrepreneur.

MUNICIPAL (UTILITY) CONTRIBUTIONS

Legal entities and natural persons with building rights in the Priljevo Entrepreneurial Zone and Vukovar Economic Zone that will be engaged in production activities in the respective zones shall be exempt in full from the payment of utility/municipal contributions.

The City of Vukovar's Government, based on the proposal of the Head of the Department for Municipal Services and City Development, may provide full or partial exemption from the municipal contribution payment obligation to investors that build structures intended for culture, technological culture, sport, preschool education, health care services, welfare and production activities and structures needed for public institutions and companies owned by the City of Vukovar.

Upon the request of any payer of municipal contributions, the Department for Municipal Services and City Development will allow for the municipal contribution to be paid in several installments depending on the accounted sum of the municipal contribution according to the following schedules:

- A) Natural persons
 - for municipal contributions ranging from HRK 10,000.00 to 50,000.00, with a maximum of 24 monthly installments, whereby the first installment must be 30% of the total obligation, with the balance in equal monthly installments with a single installment amounting to more than HRK 1,000.00.
 - for municipal contributions that exceed HRK 50,000.00, with a maximum of 36 monthly installments, whereby the first installment must be 30% of the total obligation, with the balance in equal monthly installments, and a single installment amounting to more than HRK 1,000.00.
- B) Legal entities
 - for municipal contributions that exceed HRK 100,000.00, with a maximum of 36 monthly installments, provided that the first installment must be 30% of the total obligation, and the balance in equal monthly installments, with a single installment amounting to more than HRK 5,000.00.

⁷Source: www.vukovar.hr (June, 2012)

MUNICIPAL FEE

All legal entities and natural persons that have building rights in the Priljevo Entrepreneurial Zone and Vukovar Economic Zone shall be exempt from the payment of municipal fees for any structure built in the respective zone, starting from the date of the Use Permit obtained for the structure, as follows:

- in the first year - 100%,
- in the second year - 50% and
- in the third year - 25%.

Companies and trade businesses that have built structures intended for production activities on the territory of the City of Vukovar shall be exempt from the payment of municipal fees for the built structure starting from the date of the Use Permit obtained for the structure, as follows:

- in the first year -100%,
- in the second year - 50%,
- in the third year - 25%.

3.5. SUPPORT BY THE CITY OF VUKOVAR RECONSTRUCTION AND DEVELOPMENT FUND⁸

The City of Vukovar Reconstruction and Development Fund has implemented two support programs for entrepreneurial projects on the territory of the City of Vukovar;

- The City of Vukovar Co-financing Program for Economic Projects financed by entrepreneurs, from their own assets
- The City of Vukovar Co-financing Program for Economic Projects financed through loans granted to entrepreneurs

The City of Vukovar Co-financing Program for Economic Projects Financed by Entrepreneurs

The Co-financing Program beneficiaries may be existing entrepreneurs and start-up/entrepreneurs, legal entities and natural persons that finance City of Vukovar economic projects with their own funds:

- small, medium-size and large companies,
- co-operatives,
- institutions,
- trade businesses,
- natural persons – self-employed professionals.

⁸Source: www.fond-vukovar.hr (June, 2012)

The entrepreneurs that operate or intend to operate on the territory of the City of Vukovar and the entrepreneurs that intend to invest on the territory of the City of Vukovar regardless of their registered office, are entitled to the financial support/aid of the **FUND**, except entrepreneurs that are engaged in:

- steel production and traffic/transport activities (aid may be awarded for sea, air, river and railway traffic/transport, but for road traffic/transport only to entrepreneurs that are not engaged in passenger and goods road transport services)
- for the stimulation of exports.

Non-refundable aid shall be approved for the following projects:

- finished projects of investments in fixed assets; construction works and equipment
- long-term operating assets used for the overall successful performance of the project.
- business plans or investment programs developed according to appropriate quality standards as the basis of applying for non-refundable aid.

Purpose of own funds invested:

- reconstruction of existing construction and infrastructure facilities, construction, extension or refurbishment of the same, if such investments enable improvement of operating processes of a business entity,
- purchase of machinery, equipment, inventory and tools or their individual parts,
- purchase of transport means or vessels used for entrepreneurial purposes (except automobiles), for operating assets used for investments and for the improvement of business operations, which may not exceed 40% of a company's own investment,
- purchase of land or facilities that will be used for business activities, which may not exceed 40% of a company's own investment.

The **FUND** within the Entrepreneurial Projects Co-financing Program in the City of Vukovar may grant non-refundable funds to the amount of:

- 25% of a company's own investment for production and agricultural/farming projects,
- 15% of a company's own investment for continental tourism projects and other projects assessed by the Fund's Managing Board as a priority for the City of Vukovar.

The maximum amount of the non-refundable state aid that may be awarded by the Fund to an individual beneficiary may not exceed a total amount of HRK 750,000.00 (gross) in a three-year period. The amount of HRK 750,000.00 includes any other potentially granted "de minimus" state aid received in a three-year period or that will be received by an individual beneficiary based on the Fund's Program received from other aid granting bodies, and the sum of such "de minimus" state aid may not exceed the maximum allowed amount of HRK 750,000.00.

The non-refundable funds will be used by the **FUND**:

- for partial reimbursement of paid construction work based on authentic documents; invoices, transfer account statements, payment orders,
- for partial reimbursement of paid invoices for purchased machinery, equipment, tools or their parts based on authentic documents; invoices, transfer account statements, payment orders,
- for partial reimbursement of paid invoices for purchased raw materials, materials, services and energy supplied as operating assets based on authentic documents; invoices, transfer account statements, payment orders.

City of Vukovar Co-financing Program for Economic Projects Financed through Entrepreneurship Loans

Existing entrepreneurs and start-up entrepreneurs (enterprises), legal entities and natural persons that have used their own funds to finance economic projects in the City of Vukovar may be the beneficiaries of the Co-financing Program:

- small, medium-size and large companies,
- co-operatives,
- institutions,
- trade businesses,
- natural persons as self-employed professionals.

Entrepreneurs that operate or intend to operate on the territory of the City of Vukovar are entitled to the **FUNDS' funding**, as well as entrepreneurs that intend to make investments on the territory of the City of Vukovar regardless of the registered office, except for entrepreneurs that are engaged in:

- steel production activities and traffic/transport activities (aid may be granted for sea, air, river and railway traffic/transport, but for road traffic/transport only to entrepreneurs that do not perform passenger and goods road transport services)
- for the stimulation of exports.

Non-refundable aid shall be awarded to projects financed through loans:

- granted by loan-providing entities,
- or that will be granted by loan-providing entities after the **FUND's** non-refundable funds have been authorized/approved.

The **FUND's** funds are not awarded directly to the entrepreneur but rather through loan providing entities, i.e. through:

- commercial banks,
- other financial and state institutions involved in loan-providing program in the Republic of Croatia (competent ministries, HBOR (Croatian Reconstruction and Development Bank), the Development and Employment Fund, the Regional Development Fund etc.) that grant loans for entrepreneurial projects in the City of Vukovar.

Non-refundable aid may also be approved in addition to aid granted by financial and state institutions involved in providing loans and financial support programs for entrepreneurs.

PURPOSE OF LOANS

- for the reconstruction of existing construction facilities and infrastructure, the construction, extension or renovation of the same, if such investments enable the improvement of the operating processes of a business entity,
- for the purchase of machinery, equipment, inventory and tools or their individual parts,
- for the purchase of transport means or vessels used for entrepreneurial purposes (except private vehicles),
- for the refinancing of unfavorable loans,
- for operating assets used for investments and business improvements, which may not exceed 40% of the loan,
- for the purchase of land or of facilities if they will be used for business activities, which may not exceed 40% of the loan.











The **FUND** may grant non-refundable funds within the Co-financing Program for the City of Vukovar's entrepreneurial projects:

- **Projects with loans**
 - 25% of the loan principal for production projects,
 - 20% of the loan principal for production service projects,
 - 15% of the loan principal for other projects
- **Projects financed through companies' own funds**
 - 100% of the sum for development of a business plan/investment program, at a maximum of HRK 30,000.

The maximum amount of non-refundable state aid that may be awarded by the Fund to an individual beneficiary may not exceed a total amount of HRK 750,000.00 (gross) in a three-year period. The amount of HRK 750,000.00 includes any other potentially awarded "de minimus" state aid received in a period of three years or that will be received by an individual beneficiary based on the Fund's Program or received from other entities and as such the total sum of the "de minimus" state aid may not exceed the maximum allowed amount of HRK 750,000.00.

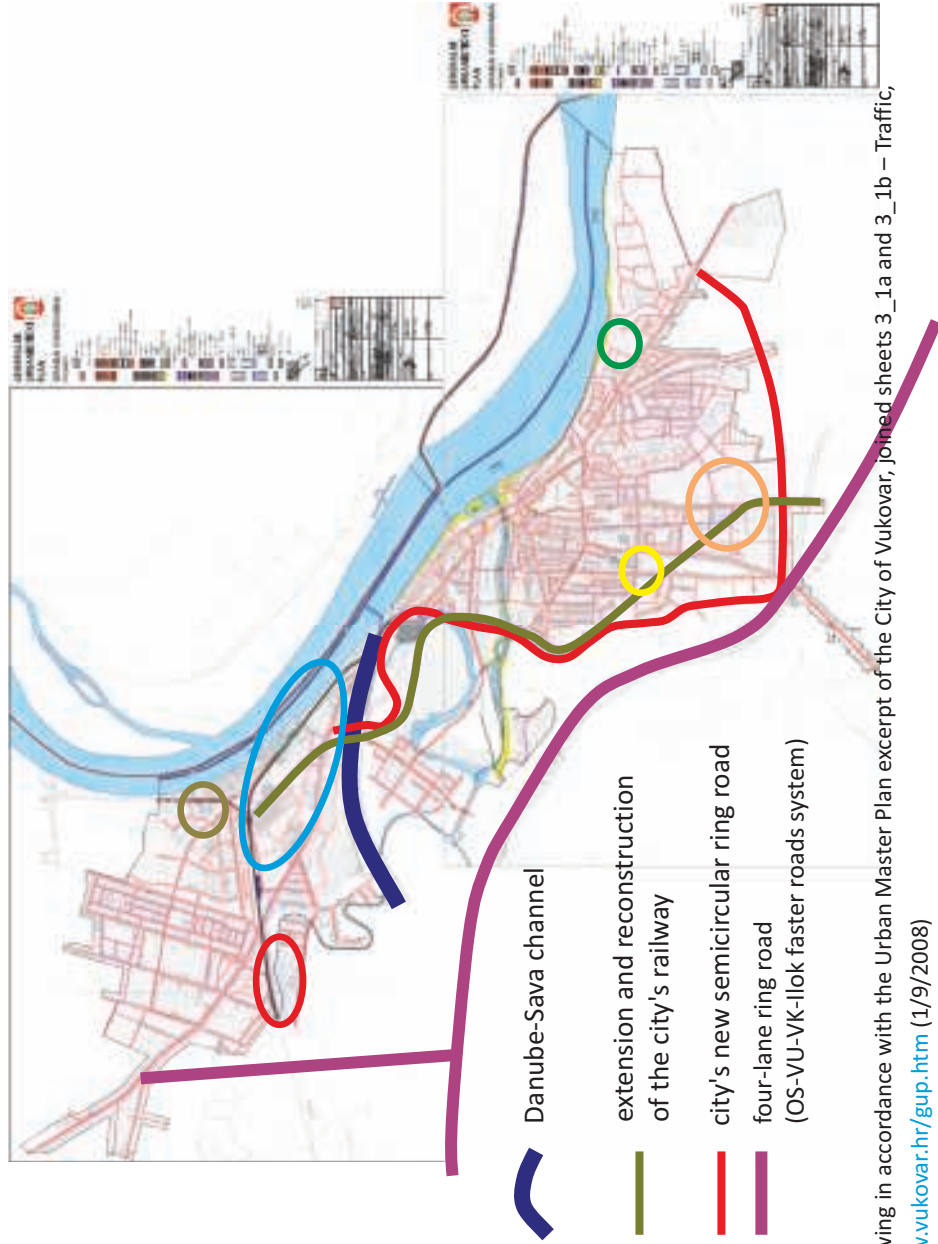
4. AREAS SUITABLE FOR INVESTMENT⁹

There are several locations on the territory of the City of Vukovar that have been planned for industrial production. These locations are,:

- The village of Borovo and Priljevo
 -  ○ the area of the Borovo agricultural-industrial complex
 -  ○ the Vukovar Economic Zone
 -  ○ the port area (the port and adjoining plots reserved for the development of port activities)
 -  ○ the area of the Priljevo Small Business Zone
 -  ○ the area next to the Borovo road, marked as an area intended for commercial purposes
 -  ○ the industrial area along the D55 road to Vinkovci
- The fairground
 -  ○ the Podunavlje (Transdanubia) free zone area
 -  ○ the previous brickyard area
 -  ○ a number of areas marked in the Urban Master Plan for industrial and miscellaneous purposes
- Mitnica (a toll-house)
 -  ○ the plot marked in the Urban Master Plan for commercial purposes

⁹ Source: GARBAC, Davor: The European Shaping of the Development Process with Options of Application to the City of Vukovar – specialist paper, call number 338.2/GAR/ e

Figure : The development of the city's planned traffic network and industrial areas



Drawing in accordance with the Urban Master Plan excerpt of the City of Vukovar, joined sheets 3_1a and 3_1b – Traffic, www.vukovar.hr/gup.htm (1/9/2008)

4.1. VUKOVAR ECONOMIC ZONE¹⁰

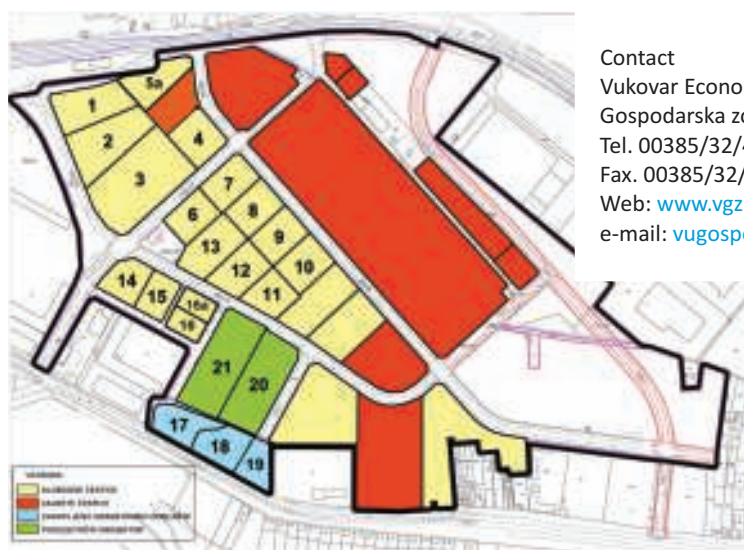
The Vukovar Economic Zone (VGZ) is situated on the west side, outside the city of Vukovar, on the D2 state road (in the Osijek-Vukovar-Ilok direction). The zone, just like Vukovar, has an important geostrategic position, in the immediate vicinity of important traffic routes.

The continued improvement of the road and railway infrastructure will be achieved through the city's ring road construction initiative, as part of the future faster roads network on the Osijek-Vukovar-Ilok and Vukovar-Vinkovci-Županja sections (a connection with the traffic corridor X). A ring road in any city, in the case of Vukovar planned as a capital project with a system of access roads, can considerably define and facilitate the conditions of business operations.

The largest railway intersection in Croatia is only 16 km away and the area is the intersection of railway and state roads to Vinkovci and Osijek.

Klisa Airport is situated half way between Vukovar and Osijek, and it is important to mention that Corridor Vc is in the immediate vicinity. International connections is also a huge advantage because of the proximity and good traffic connections with Bosnia and Herzegovina, Hungary and Serbia.

The biggest advantage of the Vukovar Economic Zone is the proximity of the Port of Vukovar. Vukovar Harbor is the only Croatian harbor on the Danube, and because of the Rhine - Main – Danube waterway, one of the most important waterways in Europe and of strategic importance for the city of Vukovar. The Port of Vukovar is the only Croatian port with such massive potential as a transport hub and it is important to point out the construction of the multifunctional Danube – Sava channel as a great advantage that will bring further development and construction to the port. The below indicated river transport prices and lower transport costs of commodities, compared to sea transport, may be very attractive to future users of the Zone.



Contact
Vukovar Economic Zone LLC
Gospodarska zona 10, 32000 Vukovar
Tel. 00385/32/456-571
Fax. 00385/32/456-570
Web: www.vgz.hr
e-mail: vugospodarstvo@vukovar.hr

¹⁰ Source: www.vgz.hr (June, 2012)

Short Description	
County	Vukovar-Syrmia
Region	Eastern (Pannonian) Croatia
City/ Municipality	City of Vukovar
Business Zone	Vukovar Economic Zone
Contact	Tel. +385 (0)32 456 571 Fax. +385 (0)32 456 570 vgz@vukovar.hr
Total area of the Zone (ha)	33.00 ha
Majority owner	Vukovarska gospodarska zona d.o.o. (Vukovar Economic Zone LLC)
Land surface area in ha	33.00 ha
Potential activities	Commercially viable facilities: industrial, trades, crafts, all types of commercial facilities, warehouse/storage areas, storage/wholesale premises/areas, business, administrative, office, commercial, catering and tourist facilities, municipal/utility services, recycling yards, municipal services as support to core business activities.
Allowed joining/separation of plots yes/no	Yes
Max gross development of the area	A maximum 50% of the building plot may be developed and 20% of the building plot must consist of green areas.
Max number of stories/structures height (m)	Production/business facilities: basement, ground floor, four-story building, attic. Office buildings: two basements, ground floor, eight-story building, attic.
Access to the plot - description	Yes, connected with the D2 and D55 state roads.

Location	
Strategic position (description)	The Zone is situated on the Danube River bank along the state border with Serbia. It is only 16 km from the largest Croatian railway intersection, located in Vinkovci. The D55 state road through Vinkovci is a good connection with Vukovar with the Županja interchange 39 km away on the Zagreb-Lipovac motorway. Osijek and the corridor Vc are 33 km away and connected with it via the D2 state road. The Zone is located approximately 20 km from Klisa Airport.
Proximity of an urban center in km	City of Vukovar 1 km
Type of soil and its bearing capacity	The soil is of such bearing capacity that it is suitable for building construction.
Configuration of the terrain (description)	Based on the configuration of the terrain, one may say that the entrepreneurial zone is situated in a lowland area.
Water protection zone yes/no	No
Potential flood area	No
Climate	The Vukovar-Syrmia County has a moderate continental climate, with sunny, hot summers and cold winters, with snow. The average annual temperature is around 11°C with an average maximum of 29.9°C and an average minimum temperature of 12.2°C. The annual precipitation average is in a relatively narrow range: the lowest in the final eastern part - approximately 650mm, gradually ascending moving westwards - to 800mm. The highest precipitation rate is recorded in spring time and in the middle of summer, which is good for crops. The average relative humidity is 79%. Average temperatures over periods of several years in the warmest month of July were from 21.2°C in Gradište to 21.9°C in Županja.

Type of Transfer	
All possible forms of ownership/usage	Yes
Sale	Yes
Property purchase/transfer tax	In the Republic of Croatia, real property is taxed at a 5% tax rate of the real property's purchase and sale price. The tax amount is determined based on the price defined in the Purchase and Sale Agreement and the assessment made by the local Tax Authority. The property transfer tax is paid by the buyer.

Prices																								
Price for individual plots	EUR 40 per 1 m ² with the option of purchase at a subsidized price that may be reduced to 80% of the initial purchase and sale price according to the criteria indicated in the public announcement for sale of the building land. The buyer of the real property may enjoy options of relief and incentives granted by VGZ, the City of Vukovar and/or in compliance with the Law.																							
	Purchase of land according to subsidized land prices per m ²																							
	SUBSIDIZED LAND PURCHASE PRICES PER M ²																							
	<i>INCENTIVES ELIGIBILITY CRITERIA</i>																							
	<table border="1"> <tr> <td>Employment obligation: 1 employee per 400 m² of land.</td> <td>No. of employees per 400 m²</td> <td>Lower land purchase price incentive</td> </tr> <tr> <td>Average number of employees in the 4th and 5th year after the Purchase and Sale Agreement signing date</td> <td>1</td> <td>50%</td> </tr> <tr> <td></td> <td>1.1-1.5</td> <td>55%</td> </tr> <tr> <td></td> <td>1.6-2.0</td> <td>60%</td> </tr> <tr> <td></td> <td>2.1-2.5</td> <td>65%</td> </tr> <tr> <td></td> <td>2.6-3.0</td> <td>70%</td> </tr> <tr> <td></td> <td>3.1-3.5</td> <td>75%</td> </tr> <tr> <td>A minimum of 80% of employees must have residency on the territory of the City of Vukovar</td> <td>OVER 3.6</td> <td>80%</td> </tr> </table>	Employment obligation: 1 employee per 400 m ² of land.	No. of employees per 400 m ²	Lower land purchase price incentive	Average number of employees in the 4th and 5th year after the Purchase and Sale Agreement signing date	1	50%		1.1-1.5	55%		1.6-2.0	60%		2.1-2.5	65%		2.6-3.0	70%		3.1-3.5	75%	A minimum of 80% of employees must have residency on the territory of the City of Vukovar	OVER 3.6
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A minimum of 80% of employees must have residency on the territory of the City of Vukovar	OVER 3.6	80%																						
<p>If a structure exists on the land that is being purchased, the surface area of the land will be the criterion, and the incentive will not be calculated based on the total value of the property (value of land + value of structure)</p> <p>The maximum incentive per Measure 1 is 80%."</p>																								

	<p>2. Measure 2: - exemption from the payment of municipal contributions for production activities - lower rate of the municipal contribution for other purposes - payment of the municipal contribution in installments for up to 5 years, for other activities,</p> <p>3. Measure 3: after the use permit is obtained, exemption from the payment of municipal fees: in the first year - 100%, in the second year - 50% and in the third year - 25%,</p> <p>4. Measure 4: - exemption from the payment of the business name tax for a maximum period of three operating years on the territory of the Zone,</p> <p>5. Measure 5: - relief enjoyed by entrepreneurs on the territory of the City of Vukovar based on the Law, as follows: partial exemption from the profit and income tax, customs relief -return of 50% of the paid contributions -economic projects co-financing up to 25% by the Reconstruction and Development Fund of the City of Vukovar.</p> <p>6. Measure 6: - Favorable credit lines for the financing of projects in the Vukovar Economic Zone</p> <p>7. Measure 7: - Logistic support of professional services of the City of Vukovar</p>
Land market price/agency information	Prices are in the range of 50 to 100 EUR/m ² depending on the location and available utilities/infrastructure.
Valuation price of land HRK/m ² /:Tax price	5 % property transfer tax is paid for the purchase of land.
Price of lease	1 HRK/m ² - option of lease available only on three plots anticipated for that purpose

Infrastructure	
Electricity	Yes, supply connection existing for each plot Supplier: HEP d.d., ODS Vinkovci, http://www.hep.hr/ods/dp/vinkovci/
Gas	Yes, supply line existing for each plot Supplier: Prvo plinarsko društvo d.o.o., info@ppd.hr
Water	Yes, connection provided to each plot Supplier: Vodovod grada Vukovara d.o.o., Tel: +385 32 424 706; Fax: +385 32 424 724
Drainage	Yes, connection provided to each plot Supplier: Vodovod grada Vukovara d.o.o., Tel: +385 32 424 706; Fax: +385 32 424 724
Waste collection	Yes Supplier: Komunalac d.o.o., Tel: 032 428 179 Fax: 032 428 180 E-mail: komunalac-vu@vk.t-com.hr
TC	Yes, connection provided to each plot

Building permit fees	
Municipal contribution EUR-HRK/m ³ :	Production enterprises are exempt from the payment of municipal contributions. Other enterprises pay 20 HRK/m ³ - 2.72 €/m ³
Water fee EUR-HRK/m ³ :	Area under special state concern: Business structures, except production 15.75 HRK/m ³ – 2.14 €/m ³ Production structures 1.85 HRK/m ³ – 0.25 €/m ³ Open (non-enclosed) business structures 5.25 HRK/m ³ – 0.71 €/m ³
Municipal fee:	Municipal fee payment exemption: after the obtained use permit in the first year -100%, second year - 50% and third year - 25%,
Transfer of title:	Municipal Court of Vukovar
Building permit obtaining procedures:	The Administrative Department for City Development, Management of City Assets, Municipal Utility Management and Environment Protection, City of Vukovar Under the assumption that the documentation is complete and duly prepared, approximately 60 days are required for the building permit to be obtained which is in accordance with deadlines defined in the Physical Planning Act.
User permit obtaining procedures:	The Administrative Department for City Development, Management of City Assets, Municipal Utility Management and Environment Protection, City of Vukovar Under the assumption that the documentation is complete and duly prepared, approximately 60 days are required for the use permit to be obtained which is in accordance with deadlines defined in the Physical Planning Act.
Company registration:	Commercial Court of Osijek, the period needed for incorporation and registration is approximately 7 days
Work permits for foreign nationals:	Issuance of a work permit for a foreigner – work permit application filed by the employer (legal entity or natural person) at the competent police authority/police station (PU/PP), based on the registered office

4.2. PRILJEVO ENTREPRENEURIAL ZONE ¹¹

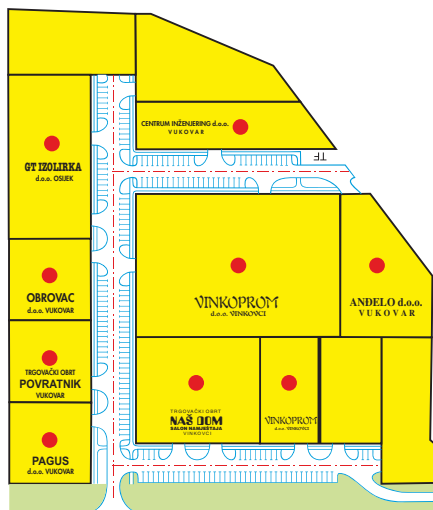


Figure: Priljevo Entrepreneurial Zone Plan

The Priljevo Zone is situated in the greater Vukovar city area, on the Osijek and Vinkovci road intersection. The D2 state road is on the northern side (Osijek-Vukovar-Ilok), and the old Vuka river bed is on the southern side which is also the future route of the Danube-Sava channel. The total surface area of the zone is 40,931.00 m². The zone is divided into 14 plots of which 2 are available for investment.

Contact:
Grad Vukovar
Upravni odjel za gospodarstvo, EU
projekte i međunarodnu suradnju
Dr. F. Tuđmana 1, 32000 Vukovar
tel: 00385 (32) 456-571,
fax: 00385 (32) 456-570
e-mail: vugospodarstvo@vukovar.hr

Figure: The Priljevo Entrepreneurial Zone Expansion Plan



The zone has been intended for the opening of environmentally friendly production facilities, showrooms, warehouse facilities and larger workshops. Development plans include expansion plans for this zone in a wider area between the D2 state road and the old Vuka river bed.

¹¹Source: <http://www.vukovar.hr/gospodarstvo/gospodarstvo-u-vukovaru/poduzetnicke-zone/255-nekategorizirano/2790-poduzetnicka-zona-priljevo> (June, 2012)

4.3. PODUNAVLJE (TRANSDANUBIA) FREE ZONE¹²

The Zone has been founded by the Reconstruction and Development Fund of the City of Vukovar and Filir, a company. The surface area of the Zone is 21,080 m², currently accommodating 34 companies with 327 employees.



Contact:

Podunavska slobodna zona d.o.o.

Vijeća Europe 25,

32000 Vukovar

tel/fax: 00385 (32) 416-871,

e-mail: podunavska.free.zone.vukovar@vk.htnet.hr

www.podunavska-freezone.hr

¹² Source: www.podunavska-freezone.hr (June 2012)

5. SUPPORTING ENTREPRENEURIAL INSTITUTION

5.1. RAZVOJNA AGENCIJA VUKOVAR D.O.O. (VUKOVAR DEVELOPMENT AGENCY LLC)

Registered office: Kudeljarska 10
Temporary address : Parobrodarska 5
32000 Vukovar
Tel. 00385/32/441-004
Fax. 00385/32/441-014
Web: www.vura.hr
e-mail: vura@vura.hr

Razvojna agencija Vukovar d.o.o. – VURA (Vukovar Development Agency LLC) is a non-profit organization, owned and founded by the City of Vukovar to foster local development. It was founded in 2008 and it has been operating since mid-2009. VURA operates in many areas, among which the most significant are:

- support for the start-up and development of SMEs,
 - writing of business plans and investment studies,
 - start-up guidance, market research and business education,
 - applications for local and national grants,
- management of the Vukovar Guarantee Fund for small business loans in the amount of up to HRK 200.000 (EUR 27.400),
 - contracts with four banks (Hypo Croatia, RBA, Croatia banka and Zagrebačka banka)
 - The Fund has HRK 500,000.00 available and it has the authorization to use up to the multiplier of 5
 - The Fund approves up to 50% of the needed collateral coverage and especially supports new SMEs by approving up to 70% of collateral coverage
 - The Fund has been operating for about a year and a half and it has guaranteed 5 loans so far, with 2 further prospective loans currently in the process of being approved
 - The total amount of issued guarantees will then reach HRK 600,000.00 with an average coverage of 62% of the approved business loans.
- Consulting services to potential investors:
 - providing local information and services (institutions, partnership possibilities, market status, available workforce, investment subsidies, grants and other benefits for investors, research of available plots corresponding to parameters defined by investors and other services),
 - the offered services do not include bookkeeping and accounting services, management of construction work including obtaining of permits (only information is provided), management of employees, buildings or equipment,

-development, application and management of projects intended for co-financing through European funds

All services are provided in compliance with a **strict non-disclosure rule** which is an integral part of every contract.

VURA operates as a small but highly specialized and professional team. The team consists of four employees:

- an entrepreneurship specialist with an advanced master's degree,
- a PCM and development project specialist with an AMES degree,
- an engineer with a BSc degree,
- and an economist with a BSc degree.

VURA charges fees for its services, but they are significantly lower than the average market price because the company is financed by public sources and it has been established to foster local development.

5.2. CITY OF VUKOVAR RECONSTRUCTION AND DEVELOPMENT FUND¹³

J.J. Strossmayera b.b.
32000 Vukovar
Hrvatska/Croatia
Tel: 0038/32/450 400
Fax:00385/32/450 401
e-mail: forqv@fond-vukovar.hr
website: www.fond-vukovar.hr

The City of Vukovar Reconstruction and Development Fund has been founded by the Croatian Government based on the City of Vukovar Reconstruction and Development Act (OG 44/01). It started operating at the beginning of 2002.

The Fund reports to the Croatian Government and the Croatian Parliament.

The Fund's activities include the reconstruction and development of the City of Vukovar, in particular:

- operations relating to granting of loans and their investment in the reconstruction and development of the economy and the municipal infrastructure,
- professional/specialized information and consulting provided to investors, assistance in the development of business documentation and the assessment of investment projects,
- co-operation with other government bodies, local self-government and government units, companies engaged in reconstruction and development in the interest of reconstruction and development,
- performance of other operations to ensure the Act is enforced and implemented.

¹³Source: www.fond-vukovar.hr (June 2012)

5.3. CROATIAN EMPLOYMENT SERVICE, VUKOVAR OFFICE¹⁴

PODRUČNA SLUŽBA VUKOVAR

Vladimira Nazora 12,

32000 Vukovar

Tel: +385 32/44 13 44

Faks: +385 32/44 17 40

e-mail: vukovar@hzz.hr

website: www.hzz.hr

The Croatian Employment Service has been established based on the Act on Employment Agent Services and Unemployment Related Rights (Official Gazette No. 32/02, 86/02 114/03 & 159/03) as a public institution owned by the Republic of Croatia with the task to resolve employment and unemployment related issues in the broadest sense of these terms.

The Service's registered office is Zagreb, Radnička cesta 1, which is the address of the Croatian Employment Service's Central Office. The Service uses its extensive network of 22 branch offices and 94 units to operate across the entire territory of Croatia.

The essential activities of the Service have been defined in the Act on Employment Agent Services and Unemployment Related Rights (OG 32/02) and the Articles of Association of the Croatian Employment Service, and they are, as follows:

- agency services in employment/recruitment processes,
- professional orientation and guidance,
- material insurance during unemployment and
- awarding aid/grants towards employment.

¹⁴Source: www.hzz.hr (June, 2012)

5.4. CROATIAN CHAMBER OF ECONOMY, VUKOVAR COUNTY CHAMBER¹⁵

Zmajeva 1,
32000 Vukovar
Tel: +385 32 441-155; 441-157
Fax: +385 32 441-463
e-mail: hgkvu@hgk.hr
web: www.hgk.hr

The Vukovar County Chamber services:

- Representing interests of the economy before economic policy makers through professional work groups and co-operation with local government and self government bodies, ministries and other institutions,
- Promoting the economy in the country and abroad through information, assistance and organization - appearance at fairs, participation in regional initiatives, promotional activities etc.
- Activities towards the improvement of companies operations through assistance in the introduction of quality management systems, connecting companies and finding potential partners, providing information on legislation etc.
- Business education through organization, co-ordination and assistance in the organization of seminars, professional conferences and lectures, professional workshops etc.
- Monitoring and analyses of economic trends based on analyses of essential financial results of entrepreneurs' operations, the analysis of exportation and importation and the analysis of such data, monitoring and analyzing intellectual capital on the territory of the County etc.
- Information/publishing activities (sector brochures, offprints etc.) and contributing to HGK web pages
- Public authorities:
 - Issuance of ATA carnet,
 - Issuance of certificates on the origin of goods,
 - Issuance of licenses for international transport of commodities and
 - Harmonization of carriers' passenger transport timetables.

¹⁵Source: www.hgk.hr (June, 2012)

5.5. CROATIAN CHAMBER OF TRADES AND CRAFTS – VUKOVAR-SYRMIA COUNTY CHAMBER

Duga ulica 31,
32100 VINKOVCI
Tel: 00385/32/333 303, 339 461
Fax: 00385/32/339 461
E-mail: ok.vinkovci@hok.hr

Udruženje obrtnika Vukovar
Dr. Franje Tuđmana 22
32000 Vukovar
Tel: 00385/32/441-995
Fax: 00385/32/450-391
Web: www.obrtnici-vukovar.hr
e-mail: uo.vukovar@hok.hr

The Chamber activities:

- Promotion of vocational training, with an emphasis on trade and craft educational requirements. Especially important is the co-operation with schools in the planning of student enrollment for in-demand vocations according to the uniform training model, trade and craft licensing to provide conditions for practical training in well equipped workshops, providing scholarships to trainees in vocations that are in short supply, professional qualification examinations, master's examinations and retraining, education at master's level – of professional teachers.
- Fairs and other forms of promotion:
 - organizing, promoting and assisting trades in the appearance at international and local trade and specialized fairs.
- In co-operation with the Chamber and the Ministry of Trade and Craft, bringing tradesmen closer to the EU, encouraging trades to introduce international certificates.
- The Chamber has established a separate International Co-operation Department based in Brussels.
- The activities of the Consulting Office:
 - the Consulting Office gives information and provides consulting in the area of legislation and regulations, for technical/technological development of trades and crafts, for their operating, funding and in the providing of loans, including international cooperation and exports.

5.6. MAP OF THE VUKOVAR CITY INSTITUTIONS





Razvojna agencija Vukovar d.o.o.
Registered office: Kudeljarska 10
Temporary address: Parobrodarska 5
32000 Vukovar
Tel. 00385/32/441-004
Fax. 00385/32/441-014
Web: www.vura.hr
e-mail: vura@vura.hr

Note: The material is intended only to provide information, therefore, interested investors are kindly requested to contact the local self-government body and entrepreneurship support institutions for further information.

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