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GAIN Report #HR2021

Croatia

Wine

Market Brief

2002

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Report Highlights: Croatia has a long tradition of wine production and wine is one of the few agricultural products with an exportable surplus. In 2001 Croatia exported almost \$8 million of wine, of which \$246,000 went to the United States. In the near future Croatia will adopt a new wine law. One effect of the new law is that EU wines will not be subject to costly and time consuming testing procedures . This could give EU suppliers a leg up in the \$2.3 million Croatian wine import market.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1], HR

Market Size and Trends

Croatia has a rich tradition of grape cultivation and wine production. In the fourth century B.C. Greek colonist started wine growing on Adriatic coast and this tradition was built on by the Romans and, later, modern day Croatians.

Croatia applies the regulation of the World Wine and Vintage Organization and they divided Croatia in two wine growing districts: the continental district and the costal district. Each of these districts has its sub regions and local areas depending on ecological factors and grape varieties.

According to official statistics, there are 59,000 ha of vineyards in Croatia but the State Institute for Vines counts only 13,000 ha as active production. The difference between the two is explained by black market production, home use vineyards, an abandoned vineyards. Croatia produces 350,000,000 kg of grapes and about 189,000,000 liters of wine and the turnover in the wine sector is about half a billion euro.

The government would like to expand vineyards by 30,000ha prior to Croatia's eventual EU membership. For every hectare of new vineyards, the government pays between Kn 28,000 (\$3,738.3) and Kn 40,000 (\$5,340.4), depending on location. For grape production on certain islands in the Adriatic Sea (Peljesac, Dubrovacko Primorje, Konavle, Zupa Dubrovacka, Seget Donji, Marina, Primosten , areas of Dubrovnik and Sibenik) wine growers get Kn 3,000 (\$400) per hectare.

Average wine consumption is 12 liters per year per household member. The total population is 4.3 million.

Imports and Exports

Wine is one of the few agricultural products in which Croatia has a trade surplus.

- Croatia Imports wine mostly from:
Slovenia, Italy, France, Macedonia

<i>Imports in 1000\$</i>	1998	1999	2000	2001
Grape wines, sparkling HS 220410	892	783	837	Na
Grape wines nes, fortified wine or must HS 220421	1,341	828	1,025	Na
Grape wines, alcoholic grape must nes, HS 220429	1,242	884	505	Na
Total	3,475	2,495	2,367	4,879

- Croatia exports wines mostly to: Bosnia and Herzegovina, Germany, France, Poland
- In 2000 Croatia exported \$246,000 value of wines to the United States and \$474,000 in 1999.

<i>Exports in 1000\$</i>	1998	1999	2000	2001
Grape wines, sparkling HS 220410	38	53	45	Na
Grape wines nes, fortified wine or must HS 220421	8,337	7,687	6,163	Na
Grape wines, alcoholic grape must nes, HS 220429	1,326	917	1,166	Na
Total	<i>9,701</i>	<i>8,657</i>	<i>7,374</i>	<i>7,925</i>

Tariffs and Taxes

(See Appendix A for a list of import tariffs)

The latest tariffs can be obtained at www.carina.hr.

The value added tax (VAT) on wine is 22 percent. There is also a Kn /liter 60 (\$8) excise tax on alcoholic drinks with more than two percent alcohol. This excise tax does not include wine.

Retail Prices

In supermarkets domestic wine costs about Kn 20 - 100 (\$2.7 – 13.4) per bottle. Prices in restaurants and wine shops for good domestic wines range from Kn 120 – 150 (\$16 – 20). Wines like Mondavi – Woodbridge type retail for about Kn 250 (\$33.4). Wines of higher quality from Mondavi or other recognized U.S. producers can reach from \$100 to \$200 but the market is very small at the high end.

Legal Requirements

Croatia has a Wine Law (Governmental Gazette 34 from 1995) and Regulation on Wine (Governmental Gazette 96 from 1996). These will be replaced with new regulations at the end of 2002.

New law on wines will include:

- Definition of wine as an agricultural-food product, which enables public promotion
- Foundation of a Vineyard Fund
- Setting up a vineyard cadastre (mapping system)
- Establishing a Wine Inspectorate
- Protection for wine names and trademarks
- Wine produced in European Union will be exempt from testing at the Institute for Wine.

(currently, the Institute takes four bottles and certificates of origin from each wine for testing/comparing and then issues special label that should be on each bottle. The importer pays for the testing.) Photosanitary certificates from EU will be accepted instead.

Labeling Requirements

Label and the Vine Institute label (proves testing)

Label:

- Wine name (wines with controlled origin, sparkling wine, special wine)
- Name of the producer
- Protected name and mark (Wine Law article 23, only wines with controlled origin)
- Area of production (only wines with controlled origin)
- Quality standard (table wine, controlled origin...)
- Quantity in liters
- Quantity of alcohol in volume percentage
- Quantity of sugar (dry, semidry, semi sweet or sweet wine / wines with controlled origin, sparkling wine, special wine)
- Country of origin
- Harvest year
- Bottle number (Regulation on Wines article 23, paragraph 1)
- Controlled origin (Approved by Ministry of Agriculture with document number...)
- Natural or gassed (only sparkling wines)
- Method of production (only sparkling wines)

It is allowed to add:

- Special wine name (for table wines)
- Trade mark
- Date of filling
- Wine color
- Grape variety (only wines with controlled origin)
- Specific type of the production (only wines with controlled origin)
- Wine rewards (only wines with controlled origin)

Distribution Channels

Companies that import wines usually have their own retail shops but a significant portion of these importer's sales are to big supermarket chains, hotels and restaurants.

Wine Importers/Contact Information

Vivat i partneri d.o.o.
Boris Ivancic, Director
Prisavlje
10 000 Zagreb
Croatia
Tel. 00385 1 6195968

Badel 1862 d.d.
Marijan Grubisic
Assistant Director for International Trade
Vlaska 116
10 000 zagreb
Croatia

Key Contacts and Further Information

Post Contact:

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e-mail: amisir@inet.hr

Government organizations:

Zavod za vinogradarstvo i vinarstvo
(Institute for Grape Production and Wine)
Kneza Ljudevita Posavskog 48
10 000 Zagreb
Tell. 00385 1 4648261
Fax. 00385 1 4647224
hrzv@zg.tel.hr
www.hrvv.hr

Government of Republic of Croatia
Ministry of Agriculture and Forestry
Grada Vukovara 78
10000 Zagreb
tel. 00385(0)1 6106111
fax. 00385 (0)1 6109201
e-mail: office@mps.hr
web page: www.mps.hr

Sommeliers :

Croatian Club of Sommeliers
Vino Trade
Miroslav Duspara
Hotel Opera
Krsnjavoga 1
10000 Zagreb

Appendix A - Import Tariffs

Tariff No.	Description	MFN
220410	Whine	
220410	Sparkling wine with 8.5% alcohol	
22041011	Champagne	28%
2204101110	In containers holding more than 2 liters	13.3%
22041019	The rest	30%
2204101910	In containers holding more than 2 liters	13.3%
22041091	Asti spumate	30%
22041099	The rest	30%
220421	In containers holding 2 liters or less	
220421 and 22042110	In containers holding 2 liters or less and wine except 220410	30%
22042111 until 2204213810	White: Alsace, Bordeaux (Burgundy), etc. until wines of Croatian geographic origin	10+110.5Eur/100 l meaning: 10% custom+110.5Eur per 100 liters
2204213820	White only top wines	33%
2204213830	White only predicate wines	28%
2204213840	White only archive wines	18.3%
22042142	The rest: Bordeaux, Bourgogne (Burgundy), etc. until wines of Croatian geographic origin	10+102.5Eur/100 l
2204217820	Only top wines	33%
2204217830	Only predicate wines	28%
2204217840	Only archive wines	18.3%
22042179 and 22042180	The rest white and the rest	10+86.8Eur/100 l
22042181 and 2204218110	White and wines of Croatian geographic origin, 13-15% of alcohol	10+110.5Eur/100 l
2204218120	White only top wines	33 %
2204218130	White only predicate wines	28 %
220421840	White only archive wines	18.3 %
22042182 and 2204218210	The rest and wines of Croatian geographic origin	10+102.5Eur/100 l
2204218220	Only top wines	33 %
2204218230	Only predicate wines	28 %
2204218240	Only archive wines	18.3 %
22042183 and 22042184	White and the rest	10+86.8Eur/100 l
22042187 until 22042199	Marsala, Samos, Porto, etc. 15-	38.3%

	18%, 18-22% and more than 22% of alcohol	
22042910	The rest except 220410	13.3%
22042912 until 2204291810	White: Bordeaux until wines of Croatian geographic origin	48+64Eur/100 l
22042942	The rest: Bordeaux until wines of Croatian geographic origin	64%
22042962 until 2204297510	White: Sicillia until wines of Croatian geographic origin	56.1/100 l
22042981	White, 13-15% of alcohol	48+64 Eur/100 l
22042982	The rest	64/100 l
220442983 and 22042984	White and the rest	56.1/100 l
22042987 until 22043098	Marsala until the rest, 15-18%, 18-22%, more than 22% of alcohol	50%
2205	Vermouth	
220510	In containers holding 2 liters or less	
22051010	Percentage of alcohol 18% or less / Vermouth	42%
22051090 and 22059	Percentage of alcohol more than 18% / Vermouth	54%
220590	The rest Vermouth	42%

* Bosnia and Herzegovina has a free import under HS 2204 and HS2205

* Czech has TRQ for HS2204 on 3500hl, 10% custom

* Macedonia has TRQ for HS2204 on 4000hl, 1% custom.

* The European Union has TRQ for these HS:

- 220410, 8000hl, 0% custom
- 220421, 8000hl, 0% custom
- 2205, 30MT, 0% custom and 90% of MFN outside of quota

* Slovenia has TRQ for these HS:

- 220410, 50MT, 1% custom
- 220421, 800MT, 1% custom
- 220429, 800MT, 1% custom
- 220890, 200MT, 1% custom