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Croatia

Dairy and Products

Milk Situation

2002

Approved by:

Paul Spencer-MacGregor

U.S. Embassy-Vienna

Prepared by:

Andreja Misir

Report Highlights:

The Croatian government is encouraging milk production to meet domestic demand and to ensure future production-based subsidies from the EU. Croatia is currently the only European country that must import significant quantities of fluid milk to meet domestic demand. Production subsidies and ongoing dairy herd improvements could mean opportunities for U.S. bovine semen exports.

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

Current Situation

Domestic milk production only provided 55 - 60 percent of the milk consumed in 2001 and out of Croatia's 61,000 dairy farms only, 300 have 15 or more cows. The majority of dairy farms have only two to three milk cows per farm. The largest single dairy, Lura, processes over 50 percent of Croatian milk and buys much of its milk on contract from small and mid-sized farmers. Milk production per cow in Croatia is also very low. The herd is mostly made up of Simmental and Holstein Frisian that only produce 2,500 liters of milk per year on average. The low production levels demonstrate the need for the introduction of stronger genetics and, on smaller farms in particular, improved feeding and herd management.

The Croatian government is anxious to increase domestic milk production. Anticipating future EU accession, they want to take full advantage of EU Common Agricultural Policy milk subsidies which are based on production prior to membership. Every extra ton of milk produced today could conceivably result in a permanently larger 'production quota' after accession. The government is supporting dairy farmers by establishing minimum prices for milk based on fat and protein content and the best grade milk has a base price of \$.0089 - \$.042 per gram of fat/protein. Direct production subsidies are also provided in certain disadvantage geographic regions (\$.10 - \$.06 per liter). However, this has led to high milk prices with retail prices as high as \$0.40 per liter. With Croatia's recent affiliation with the WTO, EFTA and CEFTA, many fear an increase in imports of more affordable fresh and shelf stable (UHT) milk and that domestic companies will be unable to compete if they continue to rely on domestic production. In 2001, Croatia imported nearly 84,346 MT of milk, a majority of which came from eastern European countries having preferential custom agreements.

Despite the government's efforts, production decreased from 588 million liters in 1995 to 403 million liters in 2001 according to private sources (some official statistics estimate production to be around 500 million liters). The continuing decline is a result of a decrease in the number of cows (from 503,000 in 1999 to 287,000 in 2000). Total domestic milk consumption is approximately 764 million liters. Per capita consumption of milk and dairy products amounts to 170 liters, of which 92 liters is fresh milk and the rest is cheese, powdered milk, and other dairy products.

Table 1: Croatia imports for 2000 (USD 1,000)

	World	EU	U.S.
Milk (0401, 0402)	36,832	6,025	16
Bovine Semen(0511)	27	27	<1
Live Cows(0102)	34,011	3,206	0

Table 2: Tariff rates for milk and milk products (2002)

tariff number	unit of measure	tariff rate
0401		
04011010	kg	7.8%+ 9.4 i /100 kg Max 34.5
04011090	kg	8.7%+ 6.7 i /100 kg Max 38.3
04012011	kg	5%+ 17.5 i /100 kg Max 52
04012019	kg	8%+ 6.7 i /100 kg Max 15
04012091	kg	5%+ 17.5 i /100 kg Max 52
0401209110	kg	5%+ 15.3 i /100 kg
0401209120	kg	5%+ 16.8 i /100 kg
04012099	kg	8%+ 6.7 i /100 kg Max 15
04013011	kg	20%
0401301110	kg	10%+ 11.8 i /100 kg Max 19
04013019	kg	8%+ 10.1 i /100 kg Max 40
0401301910	kg	10%+ 11.8 i /100 kg Max 19
04013031	kg	10%+ 11.8 i /100 kg Max 19
04013039	kg	10%+ 11.8 i /100 kg Max 19
04013091	kg	10%+ 11.8 i /100 kg Max 19
04013099	kg	10%+ 11.8 i /100 kg Max 19
0402		
04021011	kg	7%+ 64.2 i /100 kg Max 40
04021019	kg	7%+ 64.2 i /100 kg Max 40
04021091	kg	7%+ 64.2 i /100 kg Max 40
04021099	kg	7%+ 64.2 i /100 kg Max 40
04022111	kg	7%+ 76.8 i /100 kg Max 45
04022117	kg	7%+ 76.8 i /100 kg Max 45
04022119	kg	7%+ 76.8 i /100 kg Max 45
0402211910	kg	5%
04022191	kg	7%+ 76.8 i /100 kg Max 45
0402219110	kg	5%
04022199	kg	7%+ 76.8 i /100 kg Max 45
0402219910	kg	5%
04022911	kg	7%+ 76.8 i /100 kg Max 45
04022915	kg	7%+ 76.8 i /100 kg Max 45
04022919	kg	7%+ 76.8 i /100 kg Max 45
04022991	kg	7%+ 76.8 i /100 kg Max 45
04022999	kg	7%+ 76.8 i /100 kg Max 45
04029111	kg	8%+ 9.5 i /100 kg Max 39.7
04029119	kg	8%+ 9.9 i /100 kg Max 20
04029131	kg	8%+ 9.5 i /100 kg Max 39.7
04029139	kg	8%+ 9.9 i /100 kg Max 20
04029151	kg	8%+ 9.5 i /100 kg Max 39.7
04029159	kg	8%+ 9.9 i /100 kg Max 20
04029191	kg	8%+ 9.5 i /100 kg Max 39.7
04029199	kg	8%+ 9.9 i /100 kg Max 20
04029911	kg	6%+ 83.4 i /100 kg Max 43
04029919	kg	6%+ 83.4 i /100 kg Max 43
04029931	kg	6%+ 83.4 i /100 kg Max 43
04029939	kg	6%+ 83.4 i /100 kg Max 43
04029991	kg	6%+ 83.4 i /100 kg Max 43
04029999	kg	6%+ 83.4 i /100 kg Max 43
0102		
01029041	kg	8%+ 29.0 i /100 kg Max 10
01029049	kg	8%+ 29.0 i /100 kg Max 10
01029051	kg	10%+ 58.3 i /100 kg Max 53
01029059	kg	10%+ 58.3 i /100 kg Max 53
01029061	kg	8%+ 48.3 i /100 kg Max 48
01029069	kg	8%+ 48.3 i /100 kg Max 48
01029071	kg	10%+ 47.1 i /100 kg Max 53
0102907110	kg	10%+ 58.3 i /100 kg Max 53

tariff number	unit of measure	tariff rate
0102907120	kg	10%+ 49.1 i /100 kg Max 48
0102907130	kg	8.5%+ 47.7 i /100 kg Max 52.5
01029079	kg	10%+ 47.1 i /100 kg Max 53
0102907910	kg	10%+ 58.3 i /100 kg Max 53
0102907920	kg	10%+ 49.1 i /100 kg Max 48
0102907930	kg	8.5%+ 47.7 i /100 kg Max 52.5