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Croatia

Post: Zagreb

Raw Leather, Hides, Skins and Leather

Report Categories:

Product Brief

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Report Highlights:

Despite the crisis in the textile industry, the Croatian leather industry has managed to maintain its volume and continued to grow. The total income of the sector in 2014 was HRK3.07 billion (\$458.2 million). Croatian imports of “raw leather, hides, skins and leather” (HS 41) grew exponentially (374.7%) from 2012 to 2014, from \$68.6 million to 325.7 million. The most interesting import segment is leather (HS4107) at \$289 million in 2014, mainly supplied by Austria (\$222.7 million). Most of the imports are destined for two Austrian companies operating in Northern Croatia that produce leather interiors for cars.

General Information:

Market Overview

In 2014, the total output value of the Croatian leather industry was HRK3.07 billion (\$458.2 million). Most of the realized income (HRK2.26 billion/\$337.3 million) related to tanning and leather processing and to finishing and dyeing fur. The bulk of the rest came from footwear (HRK806 million/\$120.3 million) and accessories (HRK 139 million/\$20.7 million). Despite the crisis in the textile industry, Croatia's leather industry has managed to maintain its volume and vigor. The total income of the sector in 2008 was HRK2.36 billion (\$352.2 million), but fell in 2009 to HRK1.2 billion (\$179 million), then grew again to more than HRK3 billion (\$447.8 million) in 2012 and continued to grow to approximately HRK3.1 billion (\$462.7 million) by 2013. The growth from 2008 to 2014 was 30 percent. The biggest players that generate most of the revenue are two Austrian companies that produce leather interiors for cars.

Table 1. Advantages and Challenges

Advantages	Challenges
Leather industry sector is performing well in Croatia	High shipping costs and Croatian buyers demand quality, but also low prices. Croatia is a very price sensitive market.
Most importers speak English	EU-27 member states benefit from single market.
Urban population growth	
EU membership makes Croatia an interesting place (affordable and skilled workforce) for producing leather interiors for cars	
EU membership makes it less expensive to source US products from another member state.	

Imports and Exports

Croatian imports of "raw leather, hides, skins and leather" (HS 41) grew exponentially (374.7% from 2012 to 2014, from \$68.6 million to \$325.7 million. The most interesting import segment is leather (HS4107) at \$289 million in 2014, mainly supplied by Austria (\$222.7 million). Most of the imports are destined for two Austrian companies operating in Northern Croatia that produces leather interiors for cars.

Table 2a. Croatia – Raw Hides, Skins and Leather Imports - Products

Croatia Import Statistics From World				
Commodity: 41, Raw Hides And Skins (Other Than Fur skins) And Leather				
Year To Date: January – December				
Commodity	Description	United States Dollars		
		2012	2013	2014
41	Raw Hides And Skins (No Fur skins) And Leather	68,575,179	235,061,682	325,680,116
4107	Leather Furt Prep Aft Tan/Crust, No Hair On,Nes	43,287,732	188,988,310	289,377,489
4101	Raw Hides & Skins Of Bovine Or Equine Animals	10,204,868	15,470,975	18,803,221
4113	Lthr Fthr Perp After Tanning,Of Oth Aml, W/O Wl/Hr	9,882,661	8,007,166	8,957,072
4114	Chamois/Patent/Patent Laminated/Metallized Leather	2,230,312	2,351,997	3,717,497
4104	Bovine Or Equine Leather, No Hair Nesoi	776,121	17,712,361	2,507,864
4112	Sheep/Lamb Ltr,Ft Prp Tan/Crus, W/O Wool,Nt Hd4114	1,292,049	1,365,737	1,490,002
4115	Comps. Lthr,Fbr Slb/Sht/Srp;Lthr Wst/Dust/Pwd/Flou	625,582	935,401	629,175
4105	Sheep Or Lamb Skin Leather, No Wool Nesoi	46,196	88,011	131,599
4106	Other Animal N Leather, No Hair Nesoi	142,680	65,538	29,121
4102	Raw Skins Of Sheep Or Lambs Nesoi	71,998	74,080	27,552
4103	Raw Hides And Skins Nesoi (Fr Or Pres Not Tan Etc)	14,981	2,105	9,523

Source: GTA

Table 2b: Croatia – Raw Hides, Skins and Leather Imports - Countries

Croatia Import Statistics							
Commodity: 41, Raw Hides And Skins (Other Than Furskins) And Leather							
Year To Date: January - December							
Partner Country	United States Dollars			% Share			% Change 2014/2013
	2012	2013	2014	2012	2013	2014	
World	68,575,179	235,061,682	325,680,116	100.00	100.00	100.00	38.55
Austria	15,409,911	124,181,942	230,711,555	22.47	52.83	70.84	85.79
Germany	10,437,046	19,965,070	30,939,109	15.22	8.49	9.50	54.97
Argentina	80,737	42,547,238	17,591,815	0.12	18.10	5.40	- 58.65
Italy	15,568,164	16,358,711	17,389,707	22.70	6.96	5.34	6.30
France	5,271,428	8,855,735	7,712,891	7.69	3.77	2.37	- 12.91
Hungary	3,039,357	5,089,267	4,924,023	4.43	2.17	1.51	- 3.25
Slovenia	886,796	3,355,008	4,186,368	1.29	1.43	1.29	24.78
Bosnia & Herzegovina	3,113,599	4,194,185	4,046,822	4.54	1.78	1.24	- 3.51
Serbia	2,735,598	1,978,817	1,999,081	3.99	0.84	0.61	1.02
Czech Republic	37,099	66,357	1,175,835	0.05	0.03	0.36	1671.99
The rest	11,995,444	8,469,352	5,002,910				

Source: GTA

Table 3: Croatia – Only Leather Imports

Croatia Import Statistics							
Commodity: 4107, Leather Further Prepared After Tanning/Crusting, Incd Parchment-Dressed Lthr Of Bovine/Equine Animals, Nesoi, Without Hair On, Whether/Not Split,Nes							
Year To Date: January - December							
Partner Country	United States Dollars			% Share			% Change 2014/2013
	2012	2013	2014	2012	2013	2014	
World	43,287,732	188,988,310	289,377,489	100.00	100.00	100.00	53.12
Austria	7,912,475	118,424,553	222,740,618	18.28	62.66	76.97	88.09
Germany	9,171,359	16,174,012	25,106,443	21.19	8.56	8.68	55.23
Argentina	80,737	26,840,314	17,591,815	0.19	14.20	6.08	- 34.46
Italy	12,326,014	11,328,819	10,548,089	28.47	5.99	3.65	- 6.89
France	5,249.115	6,647,932	6,824,767	12.13	3.52	2.36	2.66
Hungary	2,263,382	3,852,697	3,723,883	5.23	2.04	1.29	- 3.34
Slovenia	526,238	2,717,072	2,021,044	1.22	1.44	0.70	- 25.62
Portugal	311,757	181,647	365,415	0.72	0.10	0.13	101.17
Turkey	45,402	21,024	164,427	0.10	0.01	0.06	682.10
Bosnia & Herzegovina	94,422	55,647	106,645	0.22	0.03	0.04	91.65
The rest	5,306,831	2,744,593	184,343				

Source: GTA

Section II. Market Access

Import Procedures

Incoming goods must go through customs storage at transport terminals or airports. After the goods arrive at the customs storage, the importer or freight forwarder should start procedures for checking and clearing goods after filing the import customs declaration with the Croatian customs authorities. The procedure starts with the Veterinary/Sanitary Inspection if the import requires that the goods be checked. From time to time samples are taken for testing. If products are of a suspicious quality or health standard their sale will be banned until an analysis is conducted. Customs clearance and removal from storage is carried out under the supervision of a customs officer who compares the documents with the commodities after they are checked by the veterinary/sanitary inspector. For the import process it is of the outmost importance to have a reliable freight forwarder and/or a trustworthy trading partner.

Requirements for Import

Croatia is part of the European Union, which is a common market and customs union.

Therefore, Croatian imports and exports are subject to EU regulations. Detailed requirements for import can be found in FAS Zagreb's Food and Agriculture Import Regulations and Standards –Narrative (FAIRS) report

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Zagreb_Croatia_12-3-2014.pdf

Tariffs and VAT

The latest applied custom rates can be found at the following web page:

http://ec.europa.eu/taxation_customs/customs/customs_duties/index_en.htm

The value added tax (VAT) is 25%.

Section III. Key Contacts and Further Information

A list of Croatian importers is available to US exporters and can be obtained by contacting:

U.S. Embassy

Office of Agricultural Affairs

Thomas Jefferson Street 2

10 010 Zagreb, Croatia

Telephone: (385-1) 661-2467

Fax: (385-1) 665-8950

E-mail: AgZagreb@fas.usda.gov

Web: <http://zagreb.usembassy.gov/business/doing-business-in-croatia-agro-food-products.html>