

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary - Public

Date: 12/17/2018

GAIN Report Number: HR1809

Croatia

Post: Zagreb

Whiskey and Bourbon Market

Report Categories:

Product Brief

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Report Highlights:

In 2017, Croatia imported \$4.7 million in whiskey and \$1.1 million in bourbon. More than \$3 million of whiskey and bourbon were imported from the U.S., making Croatia a lucrative export market for the U.S. spirits. This report provides marketing, trade, and regulatory information for the U.S. exporters.

General Information:
Section I. Market Overview

After six years of negative GDP growth, in 2015 Croatia had 2.4% GDP growth and in 2016 3.5%. This recovery was driven by retail and tourism sectors. By 2017, retailing current value sales exceeded the level of 2008 when it peaked before the crisis. The Croatian economy is expected to keep 3% GDP growth, which in turn should help household disposable incomes to increase and release some of the household budget for purchasing alcoholic drinks. A significant contributor to the consumption of alcoholic drinks in Croatia is also tourism (approximately 100 million overnight stays annually).

The World Bank reports per capita consumption of pure alcohol at 8.9 liters annually in Croatia. However, the official figures for Croatia may not reflect real situation, because it is estimated that about half of all consumption of spirits may not be reported at all.

Spirits fall in one of rare segments in Croatia retail where private label is weak just because Croatian consumers prefer a known local brand or an expensive foreign whiskey. Thus, international players in spirits are not particularly worried about high prices, as most do not play the price card, but position their products as more premium.

Figure 1. Advantages and Challenges

Advantages	Challenges
The food and beverage sector is well established, offering a modern retailing and distribution network across the country.	Croatia's import tariffs on certain products are high. EU-27 member states benefit from preferential market access with no tariffs.
The United States has a good reputation for whiskey quality.	Retailers rarely import US products into Croatia; they prefer purchases from central buyers including other member states.
Growth in tourism	Competition from other EU member states
Urban population growth	
Most importers speak English	
EU membership may make it less expensive to source US products from another member state.	

Section II. Market Sector Opportunities and Threats

Entry Strategy

Most alcoholic drinks in Croatia are sold through modern grocery retailers. Food/drink/tobacco specialists are present in the market, but they are slow in expansion. In wholesale a strong

hospitality industry; thus tourism, creates a demand for beverages, including alcoholic drinks.

The legal purchasing age and legal drinking age for alcoholic drinks is 18 years. Croatians like to spend their time in cafes that are numerous around all the inhabited areas. Opening hours in most of the retail shops are from 07:00am until 9:00pm, or 10:00pm.

Imports

In 2017, Croatia imported \$4.7 million in whiskey and \$1.1 million in bourbon (Tables 1 and 2). More than \$3 million of whiskey and bourbon were imported from the U.S., making Croatia a lucrative export market for the U.S. spirits (Table 1).

Table 1. Croatia - Whiskey, Value of Imports per Country 2015-2017

Croatia Import Statistics							
Commodity: Whiskey							
Year To Date: January - December							
Partner Country	United States Dollars			% Share			% Change
	2015	2016	2017	2015	2016	2017	2017/2016
World	4,308,898	5,302,392	4,658,095	100.00	100.00	100.00	- 11.96
United States	3,552,425	3,694,532	3,278,954	82.44	69.68	70.24	- 11.25
Slovenia	426,679	554,351	614,333	9.90	10.45	13.16	10.82
Netherlands	36,535	617,612	382,878	0.85	11.65	8.20	- 38.01
Germany	166,953	250,475	241,991	3.87	4.72	5.18	- 3.39
France	88,901	140,642	94,950	2.06	2.65	2.03	- 32.49
United Kingdom	2,121	17,841	22,364	0.05	0.34	0.48	25.35
Ireland	18,125	8,019	15,244	0.42	0.15	0.33	90.09
Austria	-	3,498	10,071	0.00	0.07	0.22	187.89
Spain	-	11,203	5,240	0.00	0.21	0.11	- 53.23
Not Determin Extra EU Trade	16,507	4,219	2,069	0.38	0.08	0.04	- 50.96
Switzerland	231	-	-	0.01	0.00	0.00	0.00
Czech Republic	119	-	-	0.00	0.00	0.00	0.00
Israel	300	-	-	0.01	0.00	0.00	0.00

Source: GTA

Table 2. Croatia - Bourbon, Value of Imports per Country 2015-2017

Croatia Import Statistics							
Commodity: Bourbon							
Year To Date: January - December							
Partner Country	United States Dollars			% Share			% Change
	2015	2016	2017	2015	2016	2017	2017/2016
World	878,744	1,020,122	1,117,638	100.00	100.00	100.00	9.56
Netherlands	467,081	529,484	740,977	53.15	51.90	66.30	39.94
Germany	316,529	288,535	215,913	36.02	28.28	19.32	- 25.17
France	31,941	70,740	77,372	3.63	6.93	6.92	9.37
United Kingdom	17,002	2,821	33,644	1.93	0.86	3.01	281.39
Not Determin Extra EU Trade	-	-	22,672	0.00	0.00	2.03	0.00
United States	32,260	31,862	16,572	3.67	3.12	1.48	- 47.99
Italy	9,896	5,131	5,295	1.13	0.50	0.47	3.19
Austria	-	3,013	3,541	0.00	0.30	0.32	17.50
Slovenia	4,036	3,516	1,652	0.46	0.34	0.15	- 53.02
Spain	-	75,715	-	0.00	7.42	0.00	- 100.00
Switzerland	-	3,058	-	0.00	0.30	0.00	- 100.00
Bosnia & Herzegovina	-	247	-	0.00	0.02	0.00	- 100.00

Source: GTA

Section III. Market Access

Croatia is part of the EU, which means that all the EU laws and regulations apply. Spirits are hard to market because of the advertising ban, but multinationals have shown adaptability and resourcefulness, using every possible way of communicating the message about their brands. For this reason, multinationals are gaining share from local companies.

As a member of the EU, Croatia has introduced the compulsory lists of ingredients for alcoholic drinks. Declarations on bottles must provide data on energy value, quantity of fats, carbohydrates, sugars, proteins and salts. In addition, manufacturers have to list some ingredients which might cause allergies, e.g. sulphur in wine.

In addition, the government is in the process of enforcing tax banderoles.

Requirements for Import

Croatia is part of the EU, which is a common market and customs union. Therefore, Croatian imports and exports are subject to EU regulations.

Tariffs 2018

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

Section IV. Key Contacts and Further Information

A list of Croatian importers of spirits is available to U.S. 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