

Market Survey

"New business opportunities after Croatian accession to EU, July 1, 2013"



Zagreb, August, 2013

Prepared by CBBS Ltd, Zagreb

Market Survey: "New business opportunities after Croatian accession to EU, July 1, 2013"

About the Market Survey

Croatia has become the 28th member of the European Union July 1, 2013 joining the company of 27 Member States and Single Market of some 500 million potential consumers across European Union.

CBBS - Management Consulting & EU Lobbying Company was conducting in June/July 2013 Market Survey on the business opportunities in Croatia and in SE European region after Croatian accession to the European Union, July 1, 2013.

The main goal of the Market Survey was to get the feedback from the entrepreneurs and business community about the Croatian accession to European Union and to identify:

- business opportunities in Croatia and SE Europe, especially in strategic partnerships and joint projects with international partners,
- awareness of EU funding opportunities for the period 2014 - 2020 open for Croatian and regional players,
- interest of business community in preparation/implementation of EU projects using present and future EU funding.

Finally, 92 representatives of the business community from Croatia and other European countries (entrepreneurs, representatives of business and governmental institutions and chambers, agencies, foreign offices in Croatia), took part in the Survey and helped us in gathering information and answers about the expectations and perception of the business community about the possible growth, new partnerships and EU funding opportunities after Croatian accession to European Union.



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Market Survey – results and conclusions

Market Survey “New business opportunities after Croatian accession to EU, July 1, 2013” has brought following results and conclusions:

Conclusion 1

Accession of Croatia to European Union is bringing new business opportunities for the business community in Croatia and SE Europe.

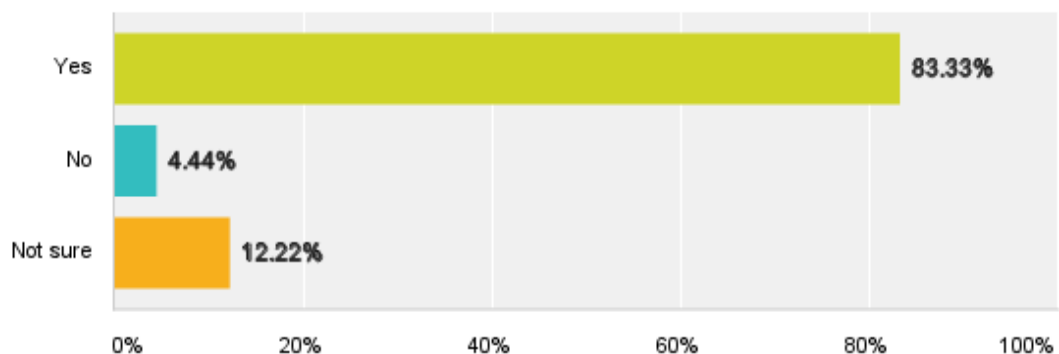
Croatian accession to European Union is bringing more optimism and is raising expectations of business community regarding new business developments and international partnerships.

More than 80 % of participants in the Survey share the same opinion, i.e. they are positive that accession of Croatia will create new business opportunities and only 4,44% is not expecting positive influence of Croatian accession for the future business results.

Chart 1

Q1 Do you expect that that accession of Croatia to EU will create more business opportunities for your company/institution?

Answered: 90 Skipped: 2



Conclusion 2

The growth of the interest of EU companies in the co operation with Croatia and neighboring countries after Croatian accession, July 1, 2013 is expected.

According to the comments/responses of participants in the Survey it can be expected growth of the interest of EU companies, especially in:

- trade/selling their goods and services (63,74 %),
- in investments in Croatian and regional companies (52,75 %),
- strategic partnerships, i.e. in joint venture projects (36,26 %) and in acquisitions (31,87 %).

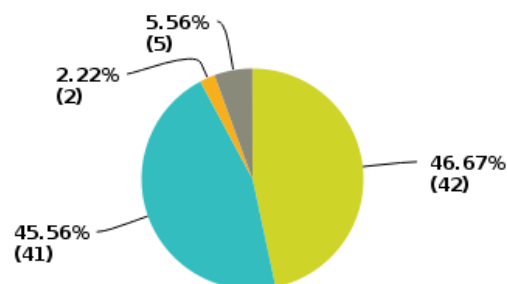
Only 6,59 % of participants expect that the interest of EU companies will remain the same after Croatian accession to European Union.

Every second participant in the Survey (45,56 %) claimed that is interested in the foreign investments, JV projects and strategic partnerships with EU companies however already 46,67 % of the participants are already working with international partners.

Chart 2

Q3 Is your company/institution interested in EU partnerships and investments?

Answered: 90 Skipped: 2



- 1. Yes, we are interested in international partnerships however we are already working with international companies
- 2. Yes, we are interested to get potential investor, strategic partner or/and to develop JV project with EU companies
- 3. No, we are not interested in international partnerships with EU and other international companies.
- 4. No, our products/services are not able to involve any international partners.

Conclusion 3

Croatian and regional companies are interested in EU funding opportunities and in the investments/strategic partnerships with EU partners.

Some 65,56 % of the participants in the Survey is interested in EU funding opportunities, some 15,56 % still has no experience in EU funding however only 8,89 % is not interested in EU funding.

Conclusion 4

Business community is planning to use EU funding for the implementation of new technologies and skills with the aim to increase its competitiveness and enter international market.

According to the Survey the business community will be interested to use EU projects and funding for the following activities:

- Development of skills and competences of employees (48,86 %),
- Development of new infrastructure (46,59 %),
- Implementation of new technologies and/or new certification of products and services (45,45 %),
- Internationalization of activities and entering new markets (43,18 %).

The Survey participants are also interested to use EU funds for the development of new products and services (35,23 %) however 26,14 % of the participants are planning to create EU projects and new developments in the co operation with science and research community.

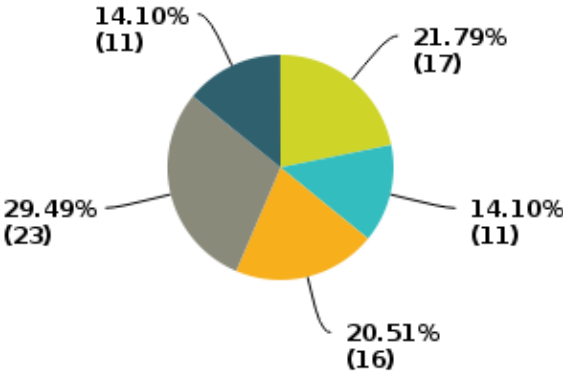
Conclusion 5

The biggest challenges for the business community in using of EU funds are human resources, co financing of the projects, lack of the information and knowledge for the preparation and the development of EU funding projects.

Chart 3

Q6 What do you find as your main obstacle in using EU funding for your future growth and development?

Answered: 78 Skipped: 14



- 1. No plans for future developments.
- 2. No plans for future investments in our infrastructure.
- 3. No information about possible EU funding.
- 4. No experience nor knowledge about EU funding and projects.
- 5. No experience in international partnerships and consortium.

There were different comments regarding the problems business community is facing in considering development and implementation of EU funding: „Extensive documentation“, „Human resources“, „Croatian Operational Programmes would probably not allow big companies as partners in absorbing EU funding (only SMEs)“, „It has been difficult to secure EU-funds so far. Only small projects up until now.“, „No Croatian national strategic documents ready as of now, so it is not possible to adequately plan future EU supported investments“, „Government has not defined crucial strategies and strategic plans“, „Not eligible for EU funds (except Financial instruments in CIP)“, „Absence of initial investment“, „Financing“, „Prefinancing and cofinancing of the project“, „Lack of co-funding finances, and the need to prefinance the project.“, „Overlapping of interests and influences“, „Local management of EU funds“

Conclusion 6

For the development and preparation of new projects supported by EU funding business community will require additional knowledge, skills and services to be successful in using EU funding opportunities.

Business community participated in the Survey will need additional support, solutions and know-how in the preparation and development of EU projects in the following topics:

- More information about EU funding and EU projects (43,18 %),
- Development of ideas/projects to be supported by EU funding (28,41 %),
- Preparation of EU applications (46,59 %),
- Finding other EU partners for the project consortium (32,95 %),
- Lobbying activities related to EU co operation and projects (30,68 %),
- Financial resources required as own contribution in EU projects. (28,41 %).

Only some 5,68 % of the participants don't need additional support in the development and preparation of EU projects, the same number is not interested and not considering using of EU funding.

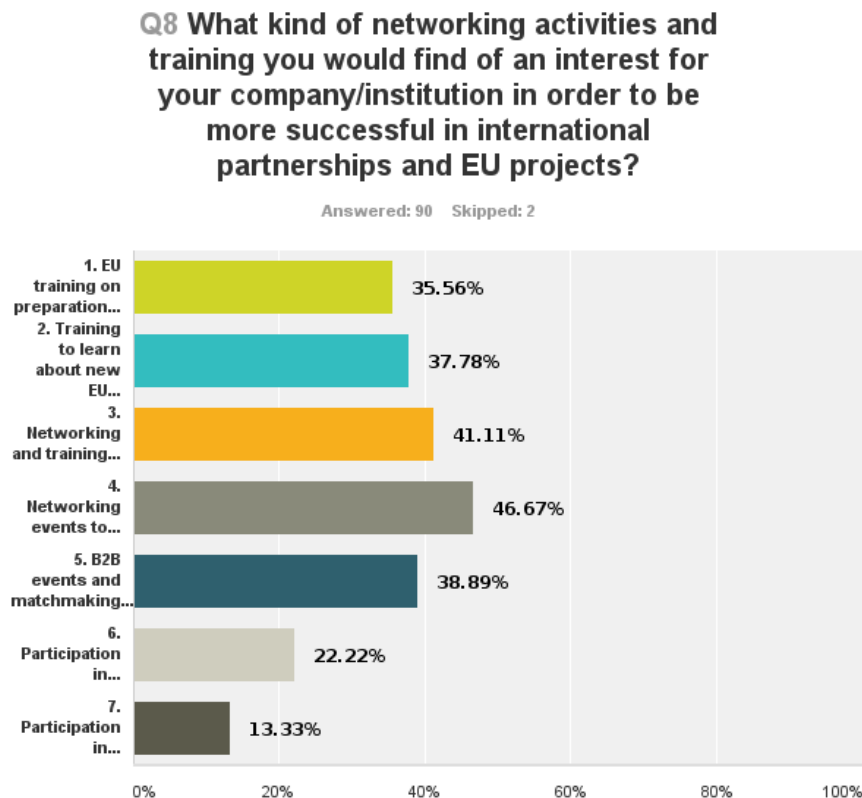
Conclusion 7

Business community is highly interested in training and matchmaking activities with the aim to increase the information, skills and the knowledge about EU funding but also to meet new international business partners.

The majority of the representatives of the business community taking part in the Survey is interested in the following training and networking activities:

- EU training on preparation/development of EU projects (35,56 %), training to learn about new EU funding opportunities (37,78 %),
- Networking/training events on new EU funding opportunities (41,11 %) and in networking events to meet possible new partners for starting and development of EU projects (46,67 %),
- B2B events and matchmaking opportunities to meet potential business partners (38,89 %),
- Participation in international trade fairs and business missions in other European countries (22,22 %) and participation in trade fairs/business missions out of Europe (13,33 %).

Chart 4



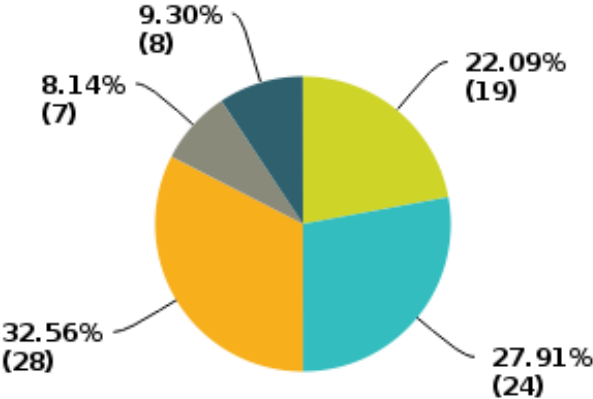
Conclusion 8

Business community is already active in European Union Single Market (22,09%) however 60% of the participants in the Survey are considering to increase its presence and to explore in more details new business opportunities in EU market with 500 million potential customers/consumers, after Croatian accession to European Union.

Chart 5

Q9 What do you think about business opportunities for your company/institution in EU market with 500 million potential customers/consumers after EU accession?

Answered: 86 Skipped: 6



- 1. We are already present in EU market with our products and services.
- 2. We are already present with our products and service but planning to increase our presence in EU market.
- 3. No, we are not yet present but considering options to enter EU market after accession.
- 4. No, we are not present and are not considering options to enter EU market in the very moment.
- 5. No, our products/services are able to serve Croatian market only, no interest in entering EU market.

Final conclusions

Representatives of the business community in Croatia and neighboring countries taking part in our Market Survey are expecting growth in the new business partnerships and co operation with European companies. They are also very optimistic and are highly interested in EU funding opportunities after Croatian accession to European Union however they are facing challenges in the required skills, financial resources, information and knowledge to be successful in the preparation and implementation of EU projects and funding.

Prepared and conducted by CBBS Ltd.

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