

THE LABOUR MARKET

Croatia facing the same figures as 4 years ago
More highly educated unemployed

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CHI provides reliable and lucrative sea and seabed research

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LIQUIDITY

Debt now standing at €3.71 billion
Most severe lack of liquidity for ten years

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S U P P O R T E D B Y T H E C R O A T I A N C H A M B E R O F E C O N O M Y

BUSINESS SENTIMENT SURVEY

ONLY MANUFACTURING INDUSTRY SHOWING OPTIMISM

Croatian commerce, construction and tertiary sector industries still without optimistic expectations

Mirjana Čižmešija, PhD
Faculty of Economics and Business in Zagreb

The “*Privredni vjesnik*” survey of Business Sentiment for the fourth quarter of 2009 encompassed a total of 472 companies; 204 manufacturing companies, 58 from construction, 106 from commerce and 104 tertiary sector companies. The sample accounts for 11.75 % of the total workforce and 12.04 % of total revenue in these sectors.

Negative trends are visible throughout all parts of the economy; commerce, construction and tertiary industry, with only manufacturing industry showing any signs of optimism.

Notwithstanding extremely cautious projections for the third quarter of 2009, manufacturing industry experts have good reason for optimism in the fourth quarter. Business Sentiment has risen by 8.34 points, to stand at -1.75. Growth in the last quarter, which reversed the decline from several years past, has halted negative trends and a possible slight recovery in manufacturing industry by the end of spring. Despite showing two prior consecutive growth rates Business Sentiment for the tertiary sector,



usually measuring expert assessments and expectations, has decreased in the fourth quarter by almost 20 points and now stands at -17.37.

Price reductions

Considering specific questions, a significant increase in the share of experts, who describe their business activities in the last three months as aggravating and show a decreasing demand for their services, is to be noted.

The relative number of industry representatives, expecting a reduced demand for their services, has also risen. Intriguingly, a significant number of industry representatives, or 36% to be more specific, expect a decrease in charges for their services. However, 60% of those interviewed still anticipate the maintenance of current business activities in the following six months. The Business Sentiment survey covering the construction indus-

try notes a further decrease of 7 points, introducing negative trends for this sector, which were also present throughout 2009. DZS (Central Bureau of Statistics) data show decreased building activity, starting in March 2009. Some 95% of those interviewed from the construction industry experienced significant difficulties in day-to-day business operations and 60% expect a decreased level in building activity in the next quarter. ■

Joško Niskota, president, Croatian Co-operatives Federation

AN ORGANISATION THAT CREATES CAPITAL

The model of co-operatives is the most suitable form of merging producers who are skilled in producing goods, but do not know how to get their products to market

The co-operative movement is a recognised, useful and successful world-wide and Europe-wide movement which has a 145-year long tradition in Croatia. According to data, the Croatian co-operative model has yielded impressive results. However, results becomes less impressive when we measure the quality of their operation. In fact, from 2,000 registered co-operatives, some never started functioning and others stopped doing business a long time ago but have not been deleted from the Commercial Court register. Amid all the difficulties, many good decisions have been made, such as the foundation of an umbrella organisation – the Croatian Co-operatives Alliance (CCA) which maintains a register of all co-operatives in Croatia. As president of the Dalmatian Co-operatives Alliance, which is the most active participant in the co-operative movement, I do not know the exact number of co-operatives that have been founded. For instance, neither I nor the Croatian Co-operatives Alliance have been informed of a new co-operative being created in Trogir. This means that co-operatives can be formed without the knowledge of our umbrella organisation. Additionally, over time some associations have become co-operatives and they still operate outside the framework of the CCA.

Co-operatives are organisations that create capital. It is the most suitable form of merging produc-



ers who are skilled in producing goods but do not know how to get their products to market. For instance, it would be appropriate for wine-growers, olive tree growers and beekeepers to each create their own co-operative. Co-operatives need to be vertically and horizontally linked to each another. Since the integration of co-operatives does not function properly, we have decided to put forward amendments to the Co-operatives Association Act. Our aim is to strengthen the Croatian co-operative system on the basis of democracy, awareness of co-operative members, solidarity, trust and joint decision making. ■

SHIPYARD PRIVATISATION

Will the current situation finally improve?



The success of the second round of bids is possibly in danger as shipyards are currently in a worse position than previously

Jozo Vrdoljak

Potential buyers of Croatian shipyards will have to submit their bids for the acquisition of majority share holdings by April 19th. The Croatian government is to sell its majority share in Brodotrogir, Brodogradilište Kraljevica, Brodograđevna industrija in Split and the Rijeka “3. maj” under special conditions, meaning these shipyards are to be sold for a mere HRK1(€0.13). The starting price for a 100 % share of Brodosplit-Brodogradilište specijalnih objekata is €2.49 million and a 59.3% share of “Uljanik” in Pula is estimated at €54.45 million. According to certain well-informed experts in the field, the first round of bids was unsuccessful for several reasons. Firstly, the situation in the international shipbuilding market was, at that time, less than promising. Secondly, individual shipyard assets and liabilities had not been legally resolved. Finally, the bidders’ very high personal contributions of up to 40 %, as well as the shipyard liabilities towards suppliers as well as liquidity problems, were also considered to be disadvantageous. The international market situation cannot be influenced notwithstanding signs of slight recovery. However, all other aspects could have been affected positively. The agreement on assets and liabilities was reached before the government invited

tenders for the second round of bids, although no formal contract has yet been signed. According to the agreement, the government is to compensate shipyards in the process of settling assets and liabilities, meaning that potential bidders will be provided with a deeper insight into what they intend to purchase. When assets and liabilities are finally settled, restructuring costs are to be reduced, consequently reducing the binding 40% share of bidder equity.

Aggravating circumstances However, aggravating circumstances need to be noted. The success of this round of bids is possibly endangered, as their liquidity situation and liabilities towards suppliers are in a much worse position than during the first round. According to experts, the government can solve this problem by issuing guarantees to the value of €0.27 million.

This may be the right moment to ask whether bidders, showing substantial interest in buying Croatian shipyards, actually exist. Considering the fact that a significant number of serious bidders have purchased tender documentation, the answer to the question should be affirmative. On the other hand, those same bidders did not make a final offer due to unfavourable conditions in the first round, hoping with good reason, that conditions for the second round would be more favourable, especially in the case of bankruptcies. ■

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317,869 unemployed
at the end of January

more than 500
jobs lost every day

THE LABOUR MARKET

CROATIA FACING THE SAME FIGURES AS 4 YEARS AGO

More highly educated unemployed

Jasminka Filipas

At the end of January the official number of unemployed was 309,562. However, this number should be increased by an additional 8,307 (the number of individuals who have been deleted from the record due to irregular contacts with the Employment Service or failure to adhere to other legal provisions). Therefore, the total number of unemployed persons has reached at least 317,869. At this level of unemployment the numbers match those from 2006 (314,166). At the same time, according to information published by the Croatian Employment Service, the current economic situation resembles that which was faced during the difficult period of the late 1990's. During the first nine months of last year, gross domestic product (GDP) decreased by 6.2%, industrial production fell by 9.2%, construction work volume by 6% and tourism by 1.3%. Additionally, exports and imports plummeted by 20.3% and 25.7% respectively, and the inflation rate stood at 2.4%. The result of this situation is that every day more than 500 people lose their jobs, and the worst thing is that this negative trend will continue until the beginning of tourist season. Only then can an increase in employment be anticipated that will last only during the tourist season. In comparison with the past several years the sole difference in the educational structure of unemployment is the fact that there is a rapid increase in the number of unemployed with higher level education. The number of those who have either a bachelor's degree, a master's degree or a PhD,



has increased by 40.2% compared with 2009 and the total number of highly educated unemployed now stands at 14,076. The number of unemployed who have graduated either from an academy, completed the first cycle of graduate studies or specialist studies, has increased by 37.7% and reached 11,329.

The Croatian Employment Service says that the most wanted workers at this moment are welders, CNC programmers, waiters, chefs, nurses, pipeline workers, firemen, security guards and those providing accounting and financial management services. However, since there are an insufficient number of such workers, the Croatian Employment Service

decided to launch the Employment Stimulation Program last year which focussed on education for market needs and managed to train 3,025 individuals.

Higher education imperative for employment

The Employment Service also co-finances the education of workers with the aim of retaining their jobs. This programme covered 1,336 people. The third programme implemented by the Employment Service in co-operation with local communities aims at including those unemployed for a minimum of 3 years and with a lower educational background, into the community service programme. A total of 1,935 individuals car-

ried out community service last year. The Employment Service emphasises that 7,892 will be covered by the employment measures during this year, which is a 25% increase in comparison with last year and a total of €16.4 million will be spent. Preparation for the tourist season have already started and currently the most wanted workers are cleaners, salesmen, administrative clerks, production line workers, economists, kitchen staff, workers without a profession, warehouse workers and assistant chefs. The Service has no difficulty with finding staff for these areas since they make up the majority in the unemployment record, and their employment depends upon their work experience as well as additional skills they may have. A view of the 2008 statistics (as the year when the crisis was not so obvious), it can be noted that highly educated persons with the greatest prospects of getting a job were pharmacists, librarians, teachers, doctors and dentists. Nevertheless, there were fewer prospects of employment for those who graduated in philosophy, journalism, political science, law, economics, veterinary medicine and sociology. ■

Women and youth facing a higher risk of unemployment

The groups facing the most severe risk of unemployment are women and youth. In comparison with January last year the number of unemployed women has risen by 10.1% and now stands at 172,173 which represent 55.6% of the total unemployed population. The number of young people (between the ages of 15 and 30) that were looking for a job in January was 99,941. The unemployment situation for people in their 30's and 40's is equally bad. The number of unemployed between 30 and 40 is almost 65,000, and between the ages of 40 and 50 it is the same. 72,035 individuals between the ages of 50 and 60 are unemployed, and 9,183 of those over 60 are in the same situation.



72 stores
sell X-nation clothing

25% of business
operations under franchise

MILE KOŽUL, DIRECTOR, MIN, OWNER OF THE X-NATION BRAND

WE ARE NOT ALLOWED TO MAKE MISTAKES

A global brand with an acceptable price/quality ratio cannot survive in a small market; it has to expand or leave

Eleonora Dukovac

X-nation left the unknown “X zone” a long time ago. Even in the face of the financial crisis, together with large amounts of popular and lesser known brands as well as the availability of items of reasonable quality, one of the most recognisable Croatian brands has managed not only to remain stable but to establish itself and start expansion into the European market. Behind the brand is the not so much-vaunted company MIN, which has been very busy preparing to break into the global market. Mile Kožul, director and owner of the company MIN, advises that once Croatia enters the EU, 20 new franchised X-nation stores will be opened in European countries every year.

What was the main reason for reaching such a decision?

A global brand with an acceptable price/quality ratio cannot survive in a small market. A brand has to expand or leave. We opted for the franchising system as it is highly efficient. 25% of total business operations are currently under franchise. This percentage will be increased to 100% within ten years. 22 of the 72 stores we



own are already under a franchise contract in Croatia. If a company wants to survive globally, it has to behave and conduct business at a global level – otherwise the chances of survival are non-existent.

How does MIN organise production?

Different parts of the world specialise in different lines of business. Where to buy and where to sew is a well-known fact. Italy offers a marvellous supply of fashion fabrics, Pakistan and Turkey are leading manufacturers of cotton fabrics, whilst China is a leading producer of knitted goods. We buy fashion fabrics in Italy, but send them for sewing to China, Bosnia or Pakistan. Most

modern designs, which need to be ready in a rather short period of time, are sewn in Croatia and Bosnia. Basic items, whose production time lasts up to two months, are sent to the Far East. The market does not belong to one country specifically – it has become global.

How would you describe your current position on the market?

MIN has more than 220 employees and more than a dozen sub-contractors, each employing at least 30 workers who do our sewing for about 10 months each year. If we consider the global market, there is a further dozen international sub-contractors who employ considerably more people. We have succeeded in becoming a desirable partner for suppliers and sub-contractors. MIN manufacture is cheaper and produces larger quantities. In the meantime our negotiating position has greatly improved. When compared with our competition, our price/quality ratio is much more reasonable. Our main competitor ‘Zara’, which operates in more supportive surroundings, does not hold such a favourable

position as us. However, we are not allowed to make any mistakes as our status is not commercial.

How would you describe the company business model?

Our company has adopted a global model – it has become highly specialised. In our case, this specialisation covers the X-nation brand and everything it implicitly includes. MIN employs six designers who travel worldwide in search of new trends which are applied to the X-nation brand - casual elegance. When everything is finalised, a model is drawn, which is followed by four designers making pattern sheets for the basic product according to which a dressmaker prepares a ‘model zero’. After presenting the models to store managers, prices and quantities are determined.

In which segments could the Croatian textile companies find their place?

The international textile industry has been divided into organisers and brand manufacturers. As competition is fierce, a single ‘no-name’ brand can neither function nor survive. The division of labour, strict specialisation and a good brand are of utmost importance. The Croatian textile industry does not hold the position of a good supplier. In other words, it should provide sewing services for popular brands. The government needs to invest money into profitable rather than loss-making companies. Several companies have managed to hold their positions with quality technology and personnel by performing the final processing function for popular brands. ■

Croatia is expensive

How would you describe the future for the Croatian textile industry?
I do not want to sound too pessimistic but I do not see a bright future. The Croatian textile industry is not competitive and is extremely expensive when compared with countries worldwide. A Croatian worker is very expensive due to taxation and other expenditure. MIN retail sales now total €13.70 million of goods, of which €0.96 million is spent on salaries, and €3.42 to €4.11 million relates to taxation and other expenditure. The government has not created a positive environment for entrepreneurs nor does it provide quality people.

THE CROATIAN HYDROGRAPHIC INSTITUTE

Reliable and **lucrative sea and seabed** research

With the exception of the CHI it is impossible to find an institution on the Adriatic coast that is part of the international hydrographic and maritime organisation and which has a world-wide reputation

Jozo Vrdoljak

The Croatian Hydrographic Institute (CHI) is considered to be one of the most renowned Croatian institutions abroad. "In the field of hydrography an international reputation can only be gained if a country has contributed to the safety of navigation in the waters under its sovereignty. However, that is possible only if an institution like ours provides accurate information that any country may rely on at any time. It would not have been possible to acquire accurate information if the work had been performed by private companies that gather data in accordance with market principles", says Zvonko Gržetić, Head of the Croatian Hydrographic Institute. Apart from the CHI it is impossible to find another institution in the Adriatic that is part of the international hydrographic and maritime organisation, has a world-wide reputation and has



invested know-how and gained experience. The CHI has gained this status by publishing scientific, development and expert works related to the safety of navigation in the Adriatic by performing hydrographic and geodetic surveys of area, marine geodesy, planning and drafting maritime charts and nautical

publications, as well as oceanographic and geological research of the seabed.

The Adriatic sea in focus

"Whilst attending various conventions we managed to divert attention to the Adriatic which is an interesting area for sea and seabed research", Gržetić empha-

sises. It is work that requires extremely sophisticated equipment and therefore implies a highly expensive work methodology. "Thus it makes no sense to work only for the state since this equipment and methodology could be commercially exploited in some other fields. The data can be used not just for safe navigational purposes but also for any field related to sea, seabed and coast", he explained. The Hydrographic Institute derives its income by performing sea and seabed research. It is complex work that enables accurate navigation at sea. Research has also been made in the field of sea and seabed physics. The result of the CHI work is the drafting of copious charts and publications that are invaluable for nautical tourism.

Thanks to the Institute, Croatia has become one of the ten countries in the world that has "covered" its sea with electronic navigational charts that have significant market potential. ■

CURRENT TRENDS IN THE WOOD PELLET MARKET

BIOMASS AS NATIONAL TREASURE

The main goals of the second international seminar, entitled Current Trends in the Wood Pellet Market in Croatia, were not only establishing trends but also determining responsibilities for the implementation of the current, and the introduction of a new, legal framework whose final goal is to increase the harnessing of biomass from wood origins. Biomass is a national treasure, according to Zdravko Žuža, the chairman of Committee for Biomass, part of Association of the Timber and

Wood Processing Industry at the Croatian Chamber of Economy, and its protection and sales criteria should be our top priority. Although some twelve wood pellet manufacturers are currently operating, almost the whole amount manufactured is exported. The general public has also not been adequately informed about its advantages. They are also economically lucrative; prices have stabilised recently, ensuring lower costs and therefore a rapid return on investment. (B.O.) ■

CROATS IN MALAYSIA

CHINESE LOVE CROATIAN-STYLE LAMB

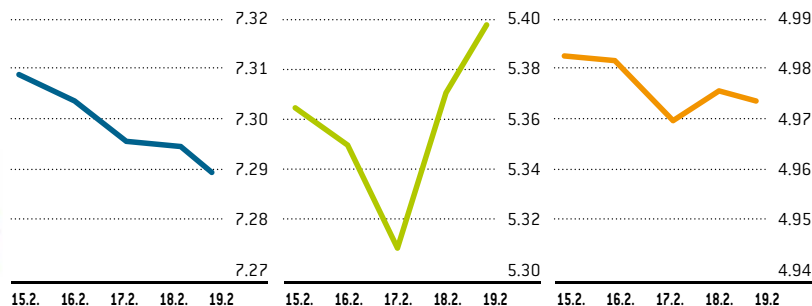
The restaurant Dubrovnik in Kuala Lumpur is not just the only Croatian restaurant in Malaysia but, according to the restaurant manager Dina Đumić, it is also the only Croatian restaurant in the whole of south eastern Asia. The Đumić family has been living in Malaysia for the past 12 years and they opened the restaurant in 2008. "It was rather difficult at the beginning, but thanks to media exposure the restaurant became known and the business took off", says Dina. The basic concept of the restaurant is the

preparation of traditional Croatian cuisine, with no compromises. The same concept was applied to the decor which is traditionally Croatian. The menu contains a variety of typical Croatian dishes from several regions and they are listed under their original names. One can order štrukle, pancakes, Samobor-style cutlet, lamb peka (lamb prepared under an iron bell) and apple pie. Visitors are mainly Chinese and the most popular dishes are lamb and chicken peka. The menu includes Croatian wines. (B.Ž.) ■

CROATIAN FOREIGN CURRENCY MARKET

Currency	Kuna exchange mid-rate
AUD	4,814911
CAD	5,138009
JPY	5,881783
CHF	4,974269
GBP	8,307835
USD	5,399877
EUR	7,289294

Source: HNB WEEK ENDED FEBRUARY 20, 2010



news

TDR to Invest €30 Million in New Iranian Factory

TDR is a leading Croatian and regional cigarette manufacturer from Rovinj, operating as part of the Adris Group. This company is to invest €30 million in an Iranian factory and thus expand its business activities to the market of southwest Asia. TDR and its Iranian partner plan to open the factory in Sari, which is to begin work by the end of following year. Manufacturing capacity will be 6.5 billion cigarettes each year.

Croatia osiguranje profit increased by 41.7 % in 2009

As reported by Croatia osiguranje (CO), the Croatian insurance company accumulated a gross income of €13.29 million some 41.7% higher compared with 2008. Furthermore, last year CO became the leading Croatian insurance company with paid insurance premiums of €48.82 million. Premiums from general or non-life insurance totalled €0.35 million. Total CO income for 2009 was €0.44 million.

Losses from recession

According to their consolidated but unrevised profit and loss statement, Đuro Đaković expenditure totalled €73.15 million whilst income came to €70.13 million. Zdravko Stipetić, head of the Board of Directors, stated that the loss of €3.02 million is the result of the global recession which was particularly debilitating during the third and fourth quarters of 2009.



LIQUIDITY

DEBT STANDING
AT €3.71 BILLION

The most severe lack of liquidity over the last ten years

Illiquidity is still at its highest level and, if everyday life is considered, improvements are nowhere in sight. Although it is still unknown where the final line will be drawn, the real question is whether the situation will worsen. Regrettably, the answer is that it will. The negative balance, within the real sector, of liquidity and solvency, first noticed 18 months ago, showed further negative trends during December 2009. Therefore, the total number of insolvent companies had risen by 30% in the last year, with outstanding payment rising by 50%. When compared with the same period of the previous year, the number of insolvent traders has also risen, although not as rapidly as the number of insolvent companies. Traders' outstanding demands have risen by 25%.

In both cases, according to Financial Agency (Fina) data, published in the Croatian Chamber of Economy monthly Economic Trends, 26,997 companies owed more than €3.01 billion whilst 37,031 individuals were €0.7 billion in debt. Therefore, unsettled payments at the end of 2009 amounted to €3.71 billion, an increase of 46.6% or €1.7 billion in the last year.

Insolvent organisations employ 73,000 staff

In the last 18 months, the number of insolvent companies has risen by 25.4%, or 26,996 currently

registered individual entities. They employ 48,454 staff, which is an increase of 50%. There are currently more than 37,000 insolvent tradesmen, showing an increase of 15.6%. These currently employ some 24,526 individuals. This is the most severe lack of liquidity in the real sector for the last ten years, which directly reflects on the decrease in the level of economic activity and,

naturally, on the labour market. 73,000 workers are employed by insolvent companies, which is an increase of 38% when compared with the same period last year. Assuming that negative trends in illiquidity remain for a longer period, even those jobs are sure to become endangered, according to experts in the Macroeconomic Analysis Centre at the Croatian Chamber of Economy. (V.A.) ■



LOGIKO, ZAGREB

Life-long learning as a solution to the crisis



A consulting company which has developed a special program on resource optimisation

Investment into life-long learning at this critical time is not a top priority for many Croatian companies. "However, this financial crisis has become somewhat of a turning point which will separate survivors from those companies who do not think in advance and invest into their employees and life-long learning", claims Antonio Zrilić, founder and main consultant of *Logiko*, Zagreb. Due to the financial crisis, company attention has shifted to consideration and rationalised consumption, where purchasing and logistics departments, as major expenditure initiators, are of major importance.

Logiko was founded in 2007 and is the first consulting and educational company specialised in logistics and acquisition. It currently employs two full-time employees, four permanent and five temporary co-workers.

Concerning the services they provide, Zrilić pointed out the organisation and optimisation of warehouses and resources, consulting services in implementing of IT or automated storage systems as well as consulting services in control implementation as well as in warehouse measurement systems. One of its specialities is providing consulting

services on resource optimisation - hence the special program entitled Six Steps on Resource Reduction.

"This program is based on our former consulting and coaching experiences. A special software application has been developed for this purpose. The application can be used as a 'stand-alone' function or as an integral part of ERP (Enterprise Resource Planning) programs, which are used as support tools in planning business activities, such as the Navision program. Similarly, we provide consulting services to companies who would like to invest into something absolutely necessary at a most reasonable price" said Zrilić.

WMS is easy to use

Over the next two years, *Logiko* plans to increase the number of full-time employees, due to several new projects, such as the development of its own Warehouse Management System for small and medium-sized enterprises. The system will be easy to use and will be based on new technology and functions, very similar to already existing large-scale systems. According to Zrilić, in its finalised phase the product will be exported to several other countries. (S.P.) ■

LUSH, ZAGREB

Activists financed by soap

Every product contains a detailed list of ingredients, production date, expiration date and a photo of the person who made it



Lush fresh handmade cosmetics and bath products have been present on the Croatian market for the past 14 years. They are a member of the world family Lush Fresh Handmade Cosmetics, present in 46 countries. Currently, Lush has four retail outlets in Croatia, three in Zagreb and one in Rijeka, and the company owns a licence for the markets of Slovenia and Bosnia and Herzegovina.

Toni Čaleta, brand manager for Croatia, Bosnia and Herzegovina and Slovenia, says their products are the freshest of all natural products in Croatia, since Lush produces approximately 70% of all products in Samobor. The Lush brand is a pioneer in the production of green cosmetics globally and is famed for within Croatia also. "Since more and more companies gain the eco-label every day, we decided to take a step further and have been planning and actively participating in campaigns for environmental protection and animals, as well as in human rights campaigns.

A product with a face

Due to our engagement we gained the nickname in England of an 'Activist organisation fi-

nanced by soap', says Čaleta and adds that including manufacturing Lush has approximately 50 employees in Croatia. Čaleta says that in Croatia one can find a variety of products under the label of natural cosmetics. "In this aspect, we are completely transparent. Every product contains a detailed ingredients list, production date, expiration date, and a photo of the person who made it. Very often buyers are drawn to Lush stores by the aroma of essential oils, interesting packaging and product display. Lush does not perceive similar companies on the market either as a threat nor as competition. We are extremely satisfied with the position we have on the market. Over the last few years, several very respectable companies selling quality cosmetics have appeared on the market, but we do not consider them to be our competition. Companies that survive on the market are those with a different range of products and customer services and we can say that we are truly unique", Čaleta articulates. "One of our plans for the future is to enter the Serbian retail market and distribute approximately 70% of the products produced in Croatia". (B.O.) ■

Good health to be found on the island of Mali Lošinj

THE ISLAND OF VIGOUR



Sanja Plješa

Last year, the town of Mali Lošinj, one of Croatia's leading tourist resorts, was awarded the European 'Golden Flower' award. This year, 125 consecutive years of health tourism are being celebrated. According to a 30 year analysis of biological and climatic influences, the island of Mali Lošinj has more than 2,600 hours of sunshine each year, which ranks it among some of the sunniest parts of Croatia. The history of health tourism dates back to 1892 and this event is considered to be the start point of tourism on the islands of Veli and Mali Lošinj. Several villas and hotels, built at

the time of the Austro-Hungarian Empire, were used in the post-war period for tourist development, whilst today Mali Lošinj has a copious number of new hotels, camps, private accommodation as well as renovated aristocratic villas at its disposal. Mali Lošinj, as an island, is primarily considered to be offering an improved quality of life and a reduced level of stress. "In 2007 and 2008, air purity testing in Mali Lošinj determined its quality and superb purity. It is precisely the factors of pure air, vegetation, promenades, paths and sea health spas that enable tourists to experience open air aromatherapy. As they breathe fresh sea air and natural ethereal oils of the

local vegetation, tourists feel less stressed and more relaxed", according to Nina Bašić-Marković, MD.

Open air aromatherapy

In order to attract more tourists, the Mali Lošinj Tourist Board and the Lošinj Aromatic Garden have decided this year to continue with the implementation of the project "Fine Fragrances and Tastes of Lošinj".

This "fragrant network" includes many forms and shapes, starting with floral displays and potpourris, to liqueurs, juices, sweets and scented home decorations and ending with gastronomic delicacies. More than 1,200 different plants have been used, most of

which are found and grown locally. Even months of the year have been devoted to certain medical herbs and spices. Hence, March is the month of rosemary, eucalyptus and laurel, April is devoted to asparagus, Lošinj onions and borage and May is in the 'sign' of sage, fennel and nettle.

"Mali Lošinj takes branding very seriously and builds its reputation as the island of vigour.

We would like to manage our destination in a different manner. Hence, we are currently developing a tourism package for the winter season, which does not mean we have forgotten about summer season", stated Gari Capelli, mayor of Mali Lošinj. ■

news

Kraš Profit of €5.44 Million

The financial report from the Zagreb Stock Exchange shows that last year Kraš earned a nett profit of €5.44 million an increase of 156.8 % over the same period of 2008, when the company made a profit of €2.10 million. Overall Kraš profits in 2009 amounted to €0.15 billion, 2 % down when compared with 2008. Internal country income totalled €82.19 million. Kraš

also received income of €58.08 million from exports.

ACI Income Totals €23.63 million

ACI, the Croatian nautical and marina company, achieved an income of €23.63 million in 2009, an increase of 5% over 2008. In 2009, the company had an overall positive gross financial result, standing at €3.13 million, an increase of

€1.19 million or 62%, when compared with the previous year, and an increase of €1.56 million or double the amount planned. ACI profit amounted to €2.41 million, which exceeds 2008 profit by 59%, and the planned nett profit for last year by 91%.

INA loss of €53.42 million

In 2009, INA achieved total income of €3.05 billion, down by

23% when compared with 2008. The preliminary unrevised report, published on the Zagreb Stock Exchange, states that the INA nett loss totalled €53.42 million, some €97.12 million less than the year before. The gas business contributed to total losses with €124.1 million, whilst nett profit, earned from ongoing business activities, amounted to €70.27 million or 46% more than the year before.