



# Defence & Security

# Opportunities

# Croatia



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## Military overview

The future structure of the Croatian Armed Forces (CAF) is described in the Long Term Development Plan (LTDP) accepted by parliament in June 2006 ([merln.ndu.edu/whitepapers/Croatia\\_English-2006-2015.pdf](http://merln.ndu.edu/whitepapers/Croatia_English-2006-2015.pdf)).

The future mission and tasks of the CAF comprise: protection of the country's sovereignty, defence of Croatia and its allies, participation in crisis response operations abroad, participation in confidence and security building measures, and assistance to civil institutions in the country.

The revised structure consists of the Defence Ministry, the Joint Staff, the armed forces, the Croatian Military Academy and the Support Command. There are also seven direct reporting sub-staff units under the Joint Staff. The President is the Commander-in-Chief of the armed forces. In peacetime, the government, through the Defence Minister, is responsible for the day-to-day management of the armed forces and the Defence Ministry.

## Economic background

GDP (BN\$): 69.4 (2008) 67.4 (2009)

GDP per capita (US\$): 15,445 (2008) 15,016 (2009)

## Defence economics

Defence Budget:  
2008: US\$1.09bn  
2009: US\$1.02bn

## Defence & Security opportunities

The Croatian armed forces are undergoing an ambitious modernisation programme, which will include procurement of new equipment. Defence opportunities include: replacement of MiG-21 combat aircraft, patrol vessels and other ships, communication systems (for naval vessels), non-combat vehicles and (unspecified) CBRN equipment. However, given the small defence budget, there has been no movement on these programmes. There are forthcoming parliamentary elections in Croatia on 4 December 2011, and it remains to be seen whether a new government will increase the defence budget.

## The Croatia defence market and how to do business

The following general information is intended as a preliminary guide to help UK defence companies understand the Croatia defence market. It is not intended to be exhaustive.

### Fundamentals Needed to Succeed in the Croatian Defence Market – Routes to Market

The best ways of selling into this market are through a specialised partner, with good business connections and a track record in the public security sector. Most contracts are tenders, and call for extensive product testing and demonstrations, which can only be achieved with a permanent local presence, and a good understanding of the decision-making process. Agents are often used for highly specialised technical equipment.

Distributors are the main sales channel for standard equipment which may require in-country servicing and emergency stocks. Ad-hoc partnerships with systems integrators and general contractors are often used for project-based supplies and services.

Public administrations and government departments are bound by public procurement rules, and purchase through public or restricted tender. Only minor requirements or exceptional technical projects are purchased through negotiated contracts.

### HMG Support

For the Croatia defence market, advice, support and assistance to UK companies is provided by UKTI DSO RD West in London, and the Defence Section of the British Embassy in Vienna (the UK's Defence Attaché for Croatia is based there).

We encourage the companies interested in opportunities in the country's security sector to contact the Embassy's Trade & Investment Team (based in the British Embassy in Zagreb) for advice and practical support.

### Croatia Export Controls

UK defence manufacturers must first obtain a F680 licence, in order to be able to export, but should also ensure that none of the items are controlled, or appear on the Military List. This also applies to UK security companies.

For more information, contact the Export Control Organisation of the Department of Business, Innovation and Skills, at [www.bis.gov.uk/exportcontrol](http://www.bis.gov.uk/exportcontrol)

### Visit Security Clearance

This is obtained from the UK Ministry of Defence's (MoD) International Visits Control Office, which is located at Abbey Wood in Bristol.

Further guidance and the required forms are at: [www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/SecurityandIntelligence/DESPSYA/InternationalVisitsControlOffice.htm](http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/SecurityandIntelligence/DESPSYA/InternationalVisitsControlOffice.htm)

## Armed Forces – Military Strength

Active	18,600
Army	11,390
Navy	1,850
Air	3,500
Joint	1,860
Paramilitary	3,000
Reserve	21,000
Army	18,500
Navy	250
Air	2,250

Source: IISS and the Military Balance 2010

We understand that further personnel cuts in the army are expected in 2012.

## Security issues

There are also significant opportunities in the security sector, related to major construction projects (e.g. modernisation of the airports at Zagreb, Dubrovnik and Pula). A rolling programme of re-equipping Croatia's fire and police services and coastguard is under way. As part of Croatia's aspirations to membership of the Schengen Convention – a key policy of the Croatian government – there are also requirements in the areas of border control, disaster recovery, and maritime and airport security. In addition, the country's Justice Ministry is expected to open a tender for electronic monitoring equipment for offenders, as part of a national probation programme.

## Domestic Defence Industrial Capability

Croatia's defence industry has downsized since the conflict in the Balkans but still retains capability in the Naval and Land Sectors, with many companies SME-sized.

Following independence, Croatia's defence exports have included the HS-2000 pistol (approx 500,000 were exported to the USA); RT-20 Antimateriel Sniper Rifles (France and Spain), rocket launchers (Colombia) and artillery sights (Turkey). There has been growth in the production and sales of demining vehicles, which are manufactured by DOK-ING Ltd. These vehicles, which have been developed as separate units rather than upgrades for armoured vehicles, have attracted international interest. DOK-ING has exported vehicles to 27 countries including the USA who uses the MV-4 machines in Afghanistan.

The Croatian government is keen for its industry to increase defence exports. In April 2010, the MoD presented the Concept and Strategic Framework of the Programme of [the] Croatian-Industrial Cluster (HVIK). The aim of HVIK is to stimulate greater integration between the government and the commercial and scientific sectors to help develop and stimulate the Croatian defence industry. The HVIK aspires to enhance Croatia's standing within the global defence marketplace, principally through developing international partnerships. Croatia has some industry links with overseas companies including Đuro Đaković Specijalna Vozila (DDSV)'s relationship with Finland's Patria, which covers armoured personnel carriers (APCs) and infantry fighting vehicles (IFVs).

In April 2011, Croatia, Serbia and Slovenia agreed to pool their resources in efforts to jointly win contracts rather than compete in 'third' markets. All identified defence and civil opportunities in the Middle East, North Africa and in the Russian Federation, and see co-operation as key to accessing the business opportunity and winning contracts. It is also worth noting that companies such as DDSV and DOK-ING are seeking partnership with UK defence companies.

## Defence imports & exports 2006-10

**Identified Croatian Defence Import Procurement:  
Total: \$226m**

### Identified country suppliers/market share:

Finland	\$140m (62%)
Russia	\$65m (29%)
Norway	\$19m (8%)
UK	\$3m (1%)

Source: UKTI DSO Survey of Defence Exports & Various Open Sources

**Identified Croatian Defence Exports:  
Total \$8m**

### Competitors

Scandinavia (principally Finland and Sweden), Germany, Italy, Russia and Bosnia-Herzegovina are the main competitors. Germany has a good relationship with Croatia, and in 2011 offered to donate 14 F-4F Phantom combat aircraft from the Luftwaffe complement. Germany plans to withdraw the F-4 from operations in the next 12 months and has offered to donate 14 F-4F Phantoms to Croatia to cover the period between the withdrawal of its own MiG-21s and a time when it can acquire new aircraft. The U.S. maintains a strong bilateral relationship including the provision of military assistance in the form of training, equipment, equipment loans, and education in U.S. military schools. In addition, Croatia has a state partnership with the Minnesota National Guard, and participates in a joint training team with U.S. troops in Afghanistan. Russia has sold combat and transport helicopters to Croatia in the past decade and remains an active competitor in-country and across the wider region. Israeli companies (including Elbit) have also identified market opportunities in Croatia.

### Procurement organisation

Defence procurement is carried out by the Procurement and Acquisitions Department, part of the Material Resources Directorate of the Croatian Defence Ministry.

## Key Personalities

### Defence Minister

Davor Božinović

### State Secretary

Mate Raboteg

### Armed Forces

Chief of General Staff – Lt.-Gen. Drago Lovrić

### Army

Commander – Lt.-Gen. Mladen Kruljac

### Navy

Commander – Rear-Adm. Ante Urlić

### Air Force

Commander – Brig-Gen. Dražen Šćuri

### Minister of Interior

Tomislav Karamarko

### State Secretaries

Ivica Buconjić, Miljenko Radnić  
and Vladimir Faber

## Further Information:

If you require further information/clarification on anything in this Fact Sheet, please contact:

UKTI Defence & Security Organisation  
BD Market Analysis  
1st Floor  
1 Victoria Street  
London SW1H 0ET

Tel: +44 (0)20 7215 8209

Email using online enquiry form at:

**[www.ukti.gov.uk/uktihome/contactus/  
contactusform.html](http://www.ukti.gov.uk/uktihome/contactus/contactusform.html)**

## Next steps – How UKTI can help

British companies wishing to develop their business in the Croatian market are advised to undertake as much market research and planning as possible in the UK. UKTI's team in Croatia, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Croatian market
- Establishment of interest of such contacts in working with you

This work is available via our Overseas Market Introduction Service (OMIS) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find contact details for your local UKTI office.

## Other Useful Contacts

### Croatia Desk, UKTI Defence & Security Organisation

Assistant Director RD West  
UKTI Defence & Security Organisation  
1 Victoria Street  
London SW1H 0ET

T: +44 (0)20 7215 8153

### RD West, Desk Officer for Romania, Hungary and the Balkans

UK Trade & Investment  
Defence & Security Organisation  
1 Victoria Street  
London SW1H 0ET

T: +44 (0)20 7215 8320

### Croatian Embassy London

Embassy of the Republic of Croatia  
21 Conway Street  
London W1T 6BN

Tel: 020 7387 2022

Fax: 020 7387 0310

Email: vrhlon@mvpei.hr

<http://uk.mfa.hr>

### British Embassy in Croatia

British Embassy Zagreb  
Ivana Lučića 4  
10000 Zagreb

Tel: 00385 (1) 6009 100

Fax: 00385 (1) 6009 260

<http://ukincroatia.fco.gov.uk/en>

## Other Useful Websites

### Government of the Republic of Croatia:

[www.vlada.hr/en](http://www.vlada.hr/en)

### Security and Intelligence Agency (SOA):

[www.soa.hr/en/](http://www.soa.hr/en/)

### Customs procedures:

[www.carina.hr/Pocetna/IndexEN.aspx](http://www.carina.hr/Pocetna/IndexEN.aspx)

### Croatia Travel Advice

Travel information and general Embassy contact details can be found at:

[www.fco.gov.uk](http://www.fco.gov.uk)

[ukincroatia.fco.gov.uk/en/](http://ukincroatia.fco.gov.uk/en/)

### Foreign Consular Offices in Croatia

Media, travel, careers, business and state links/information can be found at:  
[http://websrv2.hina.hr/hina/web/index.action?request\\_locale=en](http://websrv2.hina.hr/hina/web/index.action?request_locale=en) (Croatian News Agency)

Tourism:

<http://croatia.hr/en-GB/Homepage>

### Visa services and links

[www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/europe/croatia](http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/europe/croatia)

(UK Nationals do not require visas for Croatia unless for visits of more than 3 months' duration)

### BBC Country Profiles

[http://news.bbc.co.uk/1/hi/world/middle\\_east/country\\_profiles/](http://news.bbc.co.uk/1/hi/world/middle_east/country_profiles/)

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