

**ANSWER:**

The Law on Insurance governs the insurance sector in Croatia. Foreign insurance companies can transact business in Croatia only by establishing a company (wholly-owned or jointly with a domestic company), but not by merely opening a subsidiary. Croatia applies national treatment to foreign insurance companies.

**QUESTION 184:**

**Exactly what restrictions does Croatia apply on the cross-border supply of reinsurance?**

**ANSWER:**

Croatia applies no restrictions with respect to the involvement of foreign companies in the Croatian insurance market, however foreign companies must establish a company in Croatia or invest in a domestic company or establish a joint venture with a domestic company in order to transact in Croatia.

**QUESTION 185:**

**Can you confirm that foreign suppliers can only establish an insurance company as a subsidiary (mentioned on '11 by the notion "alone") or as joint-stock company (with local natural or legal persons)?**

**ANSWER:**

Foreign insurance companies can transact business in Croatia only by establishing a company (wholly-owned or jointly with a Croatian company), but not by merely opening a subsidiary.

**Telecommunication Services**

**QUESTION 186:**

**Is Croatia planning any liberalisation measures in the field telecoms? Are there any plans to reduce the scope of the current monopoly in public telecommunications services?**

**ANSWER:**

According to the Law on Telecommunications, competition is allowed for all service sectors except voice telephony, telex, and leased lines. Croatia has no intentions of revising the Law as of yet.

**QUESTION 187:**

**With regard to public telecommunication services in the mobile network, cable television services and concessions for the production of cable television programs, is Croatia able to abide by the obligations under GATS Articles 2, 6, 16 and 17?**

**ANSWER:**

According to the Company Law, foreign investors under the condition of reciprocity may establish or participate in the establishment of a company in the Republic of Croatia with all the rights, obligations and treatment like any other domestic company.

Telecommunication services opened for competition can be provided only by legal entities registered in Croatia on the basis of concessions granted by the Telecommunications Council.

Radio, television and cable television concessionaire is a company for which one shareholder, legal entity or private person cannot hold more than 25 percent of the shares. Radio and television concessionaire must submit to the Telecommunications Council complete information about the shares at their disposition, wherein foreign capital cannot surpass 25 percent.

**QUESTION 188:**

**Are telecommunication services in the fixed network monopolized by the HPT? Are there limits to the amount of foreign investment in HPT?**

**ANSWER:**

Basic services in fixed networks (voice telephony and telex) are monopolized by HPT, while value added services are open for competition and competition exists.

There are no limits to the amount of foreign investment in HPT.

**QUESTION 189:**

**The note on services states that legal entities other than the site operator HPT are permitted to build and use mobile networks - on what criteria are such concessions granted and are the criteria non-discriminatory between foreign and Croatian entities? Have concessions been granted by the Telecommunications Council, and are the legal entities allowed to provide services direct to the public?**

**ANSWER:**

Only legal entities registered in Croatia can apply for concessions. Concessions are granted by the Telecommunications Council to the legal entity, which in the offer provides convincing evidence of their ability to realize programmatic, technical, technological, spatial, financial and personnel conditions for public telecommunications activities; whereas for radio and television must exist prospects through which the domestic program offered shall fulfil the public interest in the best possible manner. These conditions are regulated by the Regulations on Public Telecommunications Concessions.

**QUESTION 190:**

**How is the telecoms sector currently regulated - is there an independent regulator?**

**ANSWER:**

The telecommunications sector is currently regulated by the Ministry of Maritime Affairs, Transport and Communications.

**QUESTION 191:**

**As it is mentioned on page 4, there are no limits to the amount of foreign investment for public telecommunications in the mobile network, cable television and the production of programmes for cable television. Can you confirm that the conditions and criteria applied to foreign suppliers of telecommunication services for obtaining a license in Croatia are non-discriminatory, and do not involve any market access (Art.XVI GATS) limitation;**

**ANSWER:**

The conditions and criteria applied to foreign suppliers of telecommunication services for obtaining a license (concession) in Croatia are non-discriminatory and do not involve any market access limitation. Only legal entities registered in Croatia, i.e. subsidiary, may apply for a concession, which is granted by the Telecommunications Council. Concessions are granted to companies registered in Croatia, thus, a foreign investor may enter the telecommunications market in Croatia by registering a subsidiary and then applying for a concession.

**Transport**

**Rail Transport**

**QUESTION 192:**

**Are there limits to the amount of foreign investment for rail transport? Is there any kind of discriminatory treatment for foreign suppliers?**

**ANSWER:**

Croatian Railways (HZ) are registered for the transportation of passengers and goods in the domestic and international railway traffic. In addition, the Croatian Railways carries out activities intended for conducting railway traffic and for the construction and maintenance of railway stable facilities.

In respect of foreign investments there are no restrictions, save for the fact that the railways and the state must be capable of repaying the invested capital. The Law on HZ does not forbid privatization, but this is left to the discretion of the capital owner ( the state) to decide when and to what extent it will allow privatization.

Croatian Railways (HZ) is the only railway carrier and has a monopoly position from that standpoint, but is exposed to fierce competition on the transportation market of other modes of carriage, especially of the road transport traffic and cannot be considered to have a monopoly on transportation.

**QUESTION 193:**

**In regard to foreign investment in the rail transport sector, is there any control or restrictions?**

**ANSWER:**

In respect of foreign investments there are no restrictions, save for the fact that the railways and the state must be capable of repaying the invested capital.

**QUESTION 194:**

**Could Croatia explain more about rail transport services? Is the Croatian Railway monopolized? Is it owned by the state?**

**ANSWER:**

Croatian Railways (HZ) are registered for the transportation of passengers and goods in the domestic and international railway traffic. apart from that the Croatian Railways carry out activities which are intended for conducting railway traffic and for the construction and maintenance of railway stable facilities.

Croatian Railways (HZ) is the only railway carrier and has a monopoly position from that standpoint, but is exposed on the transportation market to fierce competition of other modes of carriage, especially of the road transport traffic and cannot be considered to have a monopoly on transportation.

Croatian Railways (HZ) has been transformed into a company which has its own legal personality in which the Republic of Croatia owns 100% of the share capital.

**QUESTION 195:**

**What are the areas where privatization is not allowed? In issuing concessions, is Croatia able to abide by Articles 2, 6, 16 and 17?**

**ANSWER:**

The Law on Croatian Railways (HZ) does not forbid privatization, but this is left to the discretion of the capital owner (the state) to decide when and to what extent it will allow privatization.

**Road Transport**

**QUESTION 196:**

**What rules govern establishment in the road transport? Are foreign companies permitted to establish subsidiaries or invest in Croatian companies in this sector?**

**ANSWER:**

Foreign companies establishing a subsidiary or investing in Croatian companies in the road transport sector are regulated by the Company Law. If foreign companies wish to perform public transportation services they must fulfil the prerequisites stipulated in the Law on internal road transportation and the Statute on Special Conditions for Road Vehicles. In the event that foreign companies wish to perform international road transport services they must apply for a license with the Ministry of Maritime Affairs, Transport and Communications; according to the Law on International Road Transportation and the Statute on Issuing licenses for International Road Transportation.

**QUESTION 197:**

**What form will the proposed Croatian MFN exemption take in this sector?**

**ANSWER:**

Croatia will submit a service offer in due course.

**Air Transport**

**QUESTION 198:**

**Are there any controls or restrictions with regard to foreign investments in the air transport sector?**

**ANSWER:**

Foreign investors (foreign companies) have the same rights as domestic persons in the air traffic sector with regard to the establishment and operations of airline companies.

**Maritime Transport**

**QUESTION 199:**

**Does Croatia intend to undertake commitments along the lines of the model draft schedule of the NGMTS?**

**ANSWER:**

The model draft schedule of the NGMTS is not applicable or in effect.

**QUESTION 200:**

**With regard to international maritime transport, is Croatia able to abide by the obligations under GATS Articles 2, 6, 16 and 17?**

**ANSWER:**

There are no restriction whatsoever on maritime transport and the Republic of Croatia is capable of undertaking responsibilities under the mentioned articles, except that the Maritime Code when transporting passengers and goods between Croatian ports (cabotage), provides for a license for cabotage if the carriage is carried out under foreign flag.

**QUESTION 201:**

**Are the port services state-owned? With regard to the access and use of port services, is Croatia able to abide by the obligations under GATS Articles 2 (MFN), 16 (market access) and 17 (national treatment)?**

**ANSWER:**

Port services are not state-owned. Croatia is able to abide by the obligations under GATS Articles 2 (MFN), 16 (market access) and 17 (national treatment). Pilotage cannot be carried out by foreign legal persons without the permission of the Ministry of Maritime Affairs, Transport and Telecommunications.

**2. POLICIES AFFECTING TRADE IN SERVICES**

**I. HORIZONTAL COMMITMENTS**

**Legal Characteristics of Firms, Subsidiaries and Representative Offices in the Republic of Croatia.**

**QUESTION 202:**

**Could Croatia explain further the concept of a legal entity? For instance, if as stated on page 5 of the note, the subsidiary of a foreign company is not recognised as a legal entity, how would that effect the possibility for a foreign operator to enter the telecoms market (page 4) where concessions to operate are granted by the Telecommunications Council to legal entities?**

**ANSWER:**

Subsidiaries of foreign companies are recognized as legal entities, therefore concessions to operate can be granted to foreign companies' subsidiaries. For further clarifications on the subject, please refer to the answer to the question 126 in document WT/ACC/HRV/3.

**Investment in the Republic of Croatia**

**QUESTION 203:**

**We welcome Croatia's application of national treatment for foreign investors - could Croatia confirm that there is no special legislation applying to foreign investors that does not apply equally to domestic investors?**

**ANSWER:**

Croatia can confirm that there is no special legislation applying to foreign investors that does not apply equally to domestic investors.

**QUESTION 204:**

**Which law (articles) provide for the conditions of reciprocity in regard to foreign investment? Could Croatia explain about such reciprocity? Is this reciprocity extended to foreign investment in all service sectors?**

**ANSWER:**

Company Law Article 620 provides for the conditions of reciprocity in regard to foreign investment. For further details, please refer to document WT/ACC/HRV/3 answer to question 126.