



GOVERNMENT RELATIONS

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Croatian Government Overview

3 June – 17 June 2019

During the last two weeks, the Croatian Government held two cabinet sessions, 160th and 161st. ZBT would like to highlight the following proposals and decisions as the most important:

FIGHTER JETS PROCUREMENT CONTINUES

After a small set-back with the fighter jets procurement deal, the Government re-opened a tender. In this tender, only two countries / companies have been chosen – United States of America's company Lockheed Martin, with their F-16 fighter jet, and Swedish company SAAB's Gripen. Croatia is determined to realize negotiations on a country-country level. Persons in charge will be Vice-Admiral Robert Hranj and Prime Minister Plenkovic's Advisor Robert Kopal.



Extension of Research Period for Research and Exploitation of Hydrocarbons Decision Proposal – The Government has proposed an extension of research period for hydrocarbon related studies for an additional six months, now lasting until 10 December 2019. License for research has been given to the state-owned company INA. The decision is valid for following research areas: “DR-02”, “DR-04”, “SA-08”, “SA-09” and “SA-10”. This proposal was drafted

and proposed by the Ministry of Environmental Protection and Energy.

Information on Republic of Croatia's Preparations for Participation on International Labour Conference (ILC) – Ministry of Labour and Pension System was authorized to name the Croatian delegation which will attend International Labour Conference in Geneva from 10-21 June 2019. Considering that the next conference will be held during Croatia's EU Presidency, it is likely that the delegation sent to Geneva will lead Croatia's Presidency in regards to the ILC and labour in general.

Government of Croatia, Fraunhofer-Gesellschaft, VARTA Storage GmbH and Vallis Solaris Draft Memorandum Conclusion Proposal – Ministry of Regional Development and the EU Funds presented a Memorandum Conclusion Proposal for cooperation between the Government and a number of private companies. This cooperation aims to ensure Croatia's technological growth and energy sustainability, investing in renewable energy sources, low-carbon footprint technologies, development of eco-friendly electric energy storage systems, etc. Vallis Solaris program consists number of R&D, industrial and energy projects, and the Government stated its full support, promising institutional help.

Establishment of Common Work Group for Cooperation in Investments as part of Common Economic Cooperation Committee Memorandum Conclusion Proposal – Ministry of Entrepreneurship and Crafts presented to the Government of Croatia a Memorandum on Cooperation of the Ministry with the People's Republic of China's Ministry of Trade, which was signed on April 10 2019 in Zagreb. Memorandum is a founding document of Common Work Group for Investments happening inside Common Economic Cooperation Committee Framework, and the Government hopes to increase level of economic cooperation between the countries.

Transposition of EU Legislature – During last two sessions, the Government proposed two acts which transposed EU directives and regulations into national legislature. The first one is European Economic Area Citizens and Members of Their Families Final Act Proposal, compliant with 2004/38/EZ Directive. Second document is a Council Framework Decision 2009/905/PUP Implementation Proposal. As the name suggests, it implements Council Framework Decision 2009/905/JHA, which should enable easier exchange of DNA profile data and dactyloscopy data between the European Union member states.



Croatian Parliament

3 June – 17 June 2019

During last two weeks, there were six sessions in the Sabor, with the following highlighted as the most important:

- Croatia – Japan Double Taxation Treaty Final Act Proposal - First Reading, proposed by the Government;
- Water Act Final Proposal – Second Reading, proposed by the Government. The Act aims to implement twelve different EU Directives in Croatian legislation;
- Report on Implementation of Republic of Croatia’s National Security Strategy – submitted by the Government;
- Defense Act Amendments Proposal – First Reading, proposed by the Government;
- International Restriction Measures Act Amendments Proposal – Second Reading, proposed by the Government;
- Postal Services Act – First reading, proposed by the Government;
- Postal Services Act – First reading, proposed by the Government;
- Electronic Communications Act – First reading, proposed by MOST;

Parliament Events:

Here are most interesting Parliament events:

- **June 4-5:** Parliament Speaker Gordan Jandrokovic held meetings with Japanese Emperor Naruhito and Empress Masako, Japanese Foreign Minister Taro Kono and Infrastructure, Transport and Tourism Minister Keiichi Ishii in Tokyo;
- **June 13:** Unionists who launched the "67 is too much" campaign to collect signatures for a referendum on restoring the statutory pension age from 67 to 65 submitted to the parliament a total of 65 boxes with 748,624 signatures collected from 27 April to 11 May.



President of the Republic of Croatia

3 June – 17 June 2019

President Kolinda Grabar-Kitarovic meets European Commission President Jean-Claude Juncker – President Grabar-Kitarovic met with the President of the European Commission Juncker during his visit to Croatia. They discussed recent European elections, as well as Croatia's priorities for the upcoming EU Presidency. Grabar-Kitarovic stated that the entry in the Eurozone and Schengen Area are Croatia's strategic goals, and that the country made significant progress in those areas respectively.

President receives Ministers of Foreign Affairs from Montenegro and Lithuania – During last two weeks, President Grabar-Kitarovic received in her office Montenegro's Foreign Affairs Minister Srdan Darmanovic, whom she congratulated on NATO accession. She stated that Croatia will continue to provide Montenegro with the EU accession help, and that Montenegro's NATO membership is a role-model behavior for the entire region. President also received Lithuania's Minister of Foreign Affairs Linas Likevicius. They spoke about further expanding bilateral relations between the countries, as well as the Three Seas.

President participates on the Three Seas Initiative Plenary Session in Slovenia – President Kolinda Grabar-Kitarovic attended the Three Seas Initiative Plenary Session, where she held a speech. She stated that the Initiative is a platform connecting countries aiming to further connect in the fields of energy, transport and digitalization. The President believes that the platform will help strengthen not only member countries, but all of Europe.

“This initiative is fundamentally aimed to achieve prosperity of the entire Europe. Especially when it comes to energy independence and safety, economic, social and territorial cohesion, as well as EU's overall resistance to global challenges which we are facing.”
– President on the Three Seas Initiative

Significant Public Procurement Tenders

Institution	Tender	Value	Deadline	Number
The Central Finance and Contracting Agency (CFCA)	External experts' intellectual services related to the ESI Funds area	€289,992.56	05.07.2019.	2019/S 0F2-0022583
HZ Infrastructure	Development of idea solutions and study documentation for modernization and development of the railway node Zagreb	€2,879,693.58	09.07.2019.	2019/S 0F5-0022412
Ministry of Defense	VSAT satellite link	€174,265.30	04.07.2019.	2019/S 017-0023835

Croatian EU Presidency

With just a bit more than six months left to the start of Croatian EU Presidency, the preparations are heating up. During Presidency's six-month period, Croatia is expected to host around 1400 meetings in Brussels, in addition to 1-2 summits, 20 ministry-level meetings and more than 200 expert-level meetings that should be organized in Croatia.

General priorities of the Croatian presidency are:

- Making special efforts to reach a high-quality agreement on the Union's Multiannual Financial Framework 2021-2027
- Promoting suggestions and initiatives that contribute to a balanced and sustainable economic growth, boosting competitiveness and creating quality jobs, especially for young people and long-term unemployed
- Creating initiatives aimed at creating more and equal opportunities for young people, particularly in education and access to the labor market, and stimulating measures for self-employment (regarding the high rate of emigration in Croatia)
- Promoting the connectivity and digital transformation of the EU, which is considered to be key to strengthening its global competitiveness. Continue to work on further reforms of the single market in all its dimensions with the aim of boosting growth and competitiveness, with emphasis on consumer protection issues and the digital divide and digital skills development.
- Protection of the EU external borders as a prerequisite for the free movement within the EU and the proper functioning of the Schengen system, efforts to complete the reform of a common European asylum system, resistant to any new crisis situations, and strengthening the interoperability of information systems for the border security and migration management.
- Advocating and actively supporting the EU enlargement by meeting all membership criteria and supporting Southeast European states in their efforts to meet the required standards for EU membership, stressing the importance of democratic and reform processes.

Among the specific priorities that Croatia would like to put an emphasize on is its specific knowledge and experience in encouraging the sustainable development of tourism that contributes to the development of underdeveloped areas.

Behind the Curtains

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Croatian Interior Ministry tender for daily and night surveillance of the state border

American company Martin UAV, the manufacturer of the most modern drones tested by the U.S. military, decided to “attack” Israeli Aeronautics on Croatian Interior Ministry tender for daily and night surveillance of the state border, and their interest to enter the Croatian market is an introduction to a new conflict on fighter jets procurement.

The Defense Council session which President Kolinda Grabar-Kitarovic held on June 4, determined direction of the new procurement process of multi-purpose fighter jets, which failed at the beginning of this year when the U.S. side declined the approval for 30-years old Israeli F-16s. One other big procurement will be prior to the renewal of the fighter jets procurement process, and in which American and Israeli sides will get in a conflict again. However, this time Minister of Defense Damir Krsticevic will not be in charge, but Interior Minister Davor Bozinovic because it is about the Interior Ministry tender for daily and night surveillance of the state border with short, middle and long-range drones.



In this tender, under long-range drones group, for the first time in Croatia appeared American drone manufacturer, Texas based Martin UAV. They developed their own model V-bat, based on VTOL technology of vertical take-off and landing, for which further development American government approved \$99.5 million in March. It is a completely independent aircraft that does not require any additional equipment for launching, designed to detect situation on the most remote locations, suitable for actions from both land and sea, which can be easily deployed from a moving vehicle and fly uninterrupted more than 9 hours without recharging. The main competition to Americans on the tender will be Israeli company Aeronautics, whose drones already won on the Agriculture Ministry tender published last year.

The procurement of drones should be only a small part of the entire Croatian borders security systems, which include radars, cameras, helicopters and work force in the field. The virtual border protection “in depth” will be part of fighting human trafficking, foremost in the context of illegal migrations, fight against narcotics smuggling, illegal fishery and regular borders surveillance. The drone should be capable of detecting and locating potential threats. Upon that data and its analysis, helicopters and manpower can be activated as needed, which elevated efficiency with lower cost.



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