

Research Cooperation and Networking between Austria and South Eastern Europe

South-Eastern Europe Network for Improving
Industry Research (SENIIR)

Report on the Current State and Development of Industry

Viticulture and viniculture



KMU FORSCHUNG AUSTRIA
Austrian Institute for SME Research



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Contents

0.	<i>SUMMARY</i>	2
1.	<i>STRUCTURE</i>	3
2.	<i>ECONOMIC PERFORMANCE</i>	4
3.	<i>LEGAL FRAMEWORK</i>	5
4.	<i>DEMAND SIDE DEVELOPMENTS</i>	6
5.	<i>COMPETITION</i>	7
6.	<i>MARKETS FOR INPUTS – LABOUR MARKET</i>	9
7.	<i>TECHNOLOGICAL DEVELOPMENTS</i>	10
8.	<i>FUTURE CHALLENGES</i>	11
9.	<i>SOURCES OF INFORMATION</i>	12
10.	<i>LIST OF TABLES</i>	13
11.	<i>REFERENCE LIST</i>	14

01.13.1 – Viticulture

15.93 – Wine production

SUMMARY

Structure	2005	Change ¹
Companies	402	↗
Employees	3,146	↗
Average number of employees ²	11	↘
Turnover in mil. EUR ³	30.6	↗
Turnover per employee (1,000 EUR)	9.8	↘
Economic Performance		
<ul style="list-style-type: none"> Insufficient data for economic performance comparison to 2004 production⁴ 		
Legal Framework		
<ul style="list-style-type: none"> Negative effects of Road Traffic Safety Act on wine consumption Completion of Vineyard Cadastre expected 		
Demand Side Developments		
<ul style="list-style-type: none"> Wine consumption in households decreases Increase of wine consumption in hospitality establishments 		
Competition		
<ul style="list-style-type: none"> Wine roads increase cooperation inside Croatia Imports of non-European wines on the rise 		
Markets for Inputs – Labour Market		
<ul style="list-style-type: none"> Production process lacks experts 		
Technological Developments		
<ul style="list-style-type: none"> Better crop exploitation opportunities (grape and grapevines used for different products other than wine) Emerging new wine production technologies 		
Future Challenges		
<ul style="list-style-type: none"> Large wine surplus in EU market Modernization of technology 		

1 – Change in comparison to the previous year

2 – Total number of employees divided by the total number of companies

3 – Data shows grape wine production of legal entities with 10 and more employees.

4 - Since financial means for 2004 were not allocated to the Central Bureau of Statistics from the State Budget of the Republic of Croatia for the carrying out of surveys on yields of early and late crops, fruits and grapes produced on private family farms, the data for 2004 are not available

STRUCTURE

Viticulture and viniculture report refers to the companies registered in the Republic of Croatia according to NACE classification in Viticulture (01.13.1) and Wine production (15.93) industries.

402 companies operated in viticulture and wine production in 2005. The number of employees has increased by 4.4% in comparison to 2004 (to 3,146 employees). The average number of employees stayed at approximately the same level as in 2004 and is currently around 11.

While total industry revenues increased, there was a decrease of average revenue per company recorded (decrease of 4% to 76,400 EUR per company in 2005). 21 new business entities emerged in the industry market in 2005 and there are currently 402.

Table 1. Number of companies, people employed and total turnover in 2004 and 2005¹

	2004	2005	Change %
Companies ¹	381	402	5.5
Number of employees ²	3,012	3,146	4.4
Average number of employees ³	7.9	7.8	-1.0
Turnover in mil. EUR ⁴	30.3	30.7	1.3
Turnover per employee (1,000 EUR)	10.0	9.8	-2.0
Turnover per company (1,000 EUR)	79.5	76.4	-4.0

1,2 – Viticulture (as per NACE – 01.13.1) and wine production (NACE – 15.93)

3 – Total number of employees divided by the total number of companies

4 – Data shows grape wine production of legal entities with 10 and more employees.

According to 2005 data Croatian GDP increased by 13%. Viticulture and wine production income increased by 1.3% in 2005, while the viticulture/viniculture share in Croatian GDP decreased by 10.2% as a result of larger total GDP increase in comparison to viticulture/viniculture revenues increase.

Table 2. Income from viticulture/viniculture industry

	2004	2005	Change %
GDP (in mil. EUR)	27,379	30,950	13.0
Viticulture/viniculture revenues (in mil. EUR)	30.3	30.6	1.3
Viticulture/viniculture share in GDP (in %)	0.1	0.1	-0.02 ¹

1 – this figure represents the change in percentage points in comparison to 2004

¹ Central Bureau of Statistics, Statistical yearbook 2006, Register of Business Entities. From: http://www.dzs.hr/Hrv_Eng/ljetopis/2006/00-sadrzaj.htm (22.2.2007.)

ECONOMIC PERFORMANCE

Due to abandoning of a long-standing method of compiling data through estimates done by agricultural estimators on the basis of cadastral data, significant differences in data on land areas of some crops, vineyards and orchards in 2005 data emerged. They are mostly demonstrated as the reduction of land areas, which could have been caused by the tardiness of the cadastre.²

Total area of vineyards in 2005 is around 30,000 ha with total grape production of 181,021 tonnes and wine production of 773,000 litres.

Table 3. Vineyards and grape production in 2004 and 2005³

	2004	2005	Change %
Total area of vineyards (1,000 ha)	50	30	-40.0
Grape – vines (mil.)	258	132	-48.8
Grape production (tonnes) ¹	n/a	181,021	n/a
Total production of wine (1,000 hl) ²	n/a	773	n/a

^{1,2} - Since financial means for 2004 were not allocated to the Central Bureau of Statistics from the State Budget of the Republic of Croatia for the carrying out of surveys on yields of early and late crops, fruits and grapes produced on private family farms, these data are not available

² Central Bureau of Statistics: Statistical yearbook 2006, Agriculture, Hunting and Forestry, Notes on Methodology. From: http://www.dzs.hr/Hrv_Eng/ljetopis/2006/00-sadrzaj.htm (25.2.2007.)

³ Central Bureau of Statistics: Statistical yearbook 2006, Agriculture, Hunting and Forestry. From: http://www.dzs.hr/Hrv_Eng/ljetopis/2006/00-sadrzaj.htm (25.2.2007.)

LEGAL FRAMEWORK

Laws and regulations in force in the field of viticulture and wine production

- The Wine Act
- Ordinance on wine
- Ordinance on wine production
- Ordinance on labeling of wine with controlled geographical indication label
- Ordinance on wine-growing areas
- Ordinance on national list of recognized cultivars of wine
- Ordinance on conditions for analysis of musts, wines, other grape and wine products, and fruit wines and other products based on fruit wines
- Ordinance on minimum technical and technological conditions for production of wines and fruit wines and sale of wines, other grape and wine products, as well as fruit wines
- Ordinance on physical-chemical methods of analysis of musts, wines, other grape and wine products, and fruit wines
- Ordinance on the organoleptic (sensorial) evaluation of musts and wine
- Ordinance on advertising wines with a controlled geographical indication and fruit wines
- List of wine geographical indication labels
- Ordinance on wine and fruit vinegar
- Ordinance on fruit wines

Some of the essential provisions of legislation in the field of viticulture and wine production are described below.

The Wine Act

Enology and viticulture is one of the most extensive and regulated areas within the agricultural sector in the European Union. The wine production sector is regulated with more than 400 regulations, or with more than 1,000 pages of text, and with the passing of the Wine Act and the adoption of numerous ordinances, a large part of EU legislation has been implemented into Croatian legislation.

Road Traffic Safety Act

Changes to the Road Traffic Safety Act (NN 105/2004) and its notorious "0.0 grams of alcohol per liter" provision have stirred up a large public discussion, and at the same time have had a significant impact on the wine-growing business because they have directly influenced the consumption of wine in the Croatian market, both of domestic and foreign consumers. The biggest objections to the stated provision are related to the deterring effect it has on tourist offer for foreign tourists. New changes to the law by which this provision would be returned to the previous level (0.5 grams of alcohol per liter of blood) have been announced.

DEMAND SIDE DEVELOPMENTS

According to data from Central Bureau of Statistics of the Republic of Croatia, consumption of wine in households in Croatia is decreasing. In relation to 2004, the average consumption of wine per household member decreased by 9.2%.

Table 4. Wine consumption per household member⁴

	2004	2005	Change %
Consumption of wine per household member in l	11.9	10.8	-9.2

The same trend is also present in the European Union; Europeans are drinking less wine. A new trend of consuming smaller quantities of quality wines is appearing. It is interesting to note that while Croatians are drinking smaller quantities of wine, according to state statistical data, wine sales in the hospitality industry sales are better than ever. Wine is increasingly becoming a significant tourism potential for Croatia.⁵

The total amount of consumption of wine in hospitality establishments in 2005 was 3.322 hl which is an increase of 5.6% in relation to the previous year. The share of wine consumption in the total consumption of alcoholic and non-alcoholic beverages in Croatia has also increased to 10.0% which is an increase of 4.5% in relation to the share in 2004.

Table 5. Wine consumption in hospitality establishments⁶

	2004	2005	Change %
Total consumption of beverages in hospitality establishments (1.000 l)	32,766	33,113	1.1
Total consumption of wine in hospitality establishments (1.000 l)	3,146	3,322	5.6
Share of wine consumption in total beverage consumption in %	9.6	10.0	4.5

Wine is an integral part of traditional Mediterranean nutrition, rich with fruit and vegetables, oily fish, olive oil and bread. Growing popularity of Mediterranean cuisine on the international gastronomic scene is causing an increase in global demand for quality red wines.⁷

The wine market, as well as tourism market for wine can be divided into four segments⁸:

Wine enthusiasts: They are highly educated, regularly read about wine, buy books, watch specialized TV shows about wine, and attend wine tastings. They want high quality wines for which they are willing to pay a higher price. Their visit to the winery is motivated by the wish to learn something about wines, and they want to taste and buy wine, they inquire about combinations of food and wine, how to store wine, etc. They are not interested in additional services.

Connoisseurs: Basically a subgroup of wine enthusiasts; they are highly educated, mostly men – managers or experts, to whom it is very important to obtain knowledge on production of wine and viticulture. In order to be satisfied with the visit to the winery, it has to be particularly educative and informative.

Interested in wine: They regularly attend wine tastings but do not know a great deal about wine, nor are they interested in dedicating their time to learning about wine. When they are buying wine, price is the decisive factor. Members of this group enjoy the process of wine tourism itself, and they also want to learn something when visiting wineries. They love to taste wines, learn how the wine is tasted, and they want to buy wine from wineries they visit.

Novices: this group is just entering the world of wine. They are interested in touring the winery and vineyards, if possible, while tasting and buying wine is not that important for them. It is presumed that this group will either lose interest in wine or cross to the group of those interested in wine.

⁴ Central Bureau for Statistics, *Basic characteristics of household consumption and household income from 2003 to 2005* From: http://www.dzs.hr/hrv/publication/2006/14-1-1_1h2006.htm (8.1.2007)

⁵ Šilović, Meri: *No-one wants to be a wine-grower* From: <http://www.slobodnadalmacija.hr/20061030/novosti03.asp>, (8.1.2007)

⁶ Central Bureau for Statistics, *Hotels and restaurants Fourth quarter of 2005*

From: http://www.dzs.hr/Hrv/Publication/2005/4-3-1_4h2005.htm (8.1.2007.)

⁷ Ljubljanović, Mladen: *Wines are becoming a first class medicine*. From: http://www.fokus-tjednik.hr/vijest_arhiva.asp?vijest=1311&izdanje=64, (19.12.2006)

⁸ Austrian Development Agency: *Tourism development of Eastern Slavonia, Contemporary tourism wine product, Zagreb, March 2006*

COMPETITION

According to international standards, there are five wine-growing zones which are determined by the sum of hours of sunshine and temperature. Croatia is one of the rare wine-growing countries in which each of these five zones can be found. The fifth zone, with the most sunny hours, starts just south of Split and extends all the way to Konavli, and also includes the Middle Dalmatian islands.

Wine Roads⁹

The growth in demand for a complete tourist offer in continental parts of Croatia has resulted in a better utilization of the existing wine roads, as well as in establishing and promoting new ones in areas in which family farms offer their products, especially wines and brandies from their own production. This offer is complemented by traditional dishes and other specialties specific for the area. Wine roads also rely on natural beauties of the region they are located in, as well as the cultural and historical sights of the wine-growing area.

Located 30 km west of Zagreb is **Plešivica wine road**, where wine grapes have been grown and excellent wine has been produced for centuries. The offer of wines is rich and diverse, and Plešivica is known as the home of Portugieser. Other wines produced in the area include: Graševina (Welschriesling), Chardonnay, Sipkovića, Sauvignon and Rajnski Rizling (Rheinriesling). The sparkling wine offer includes Millennium, Classic and Tom, and dessert wine Bermet.

Indigenous variety Kraljevina has been grown on the hills of **Zelina wine-growing region** for centuries; it has also been grown by Counts Zrinski, and Ludwig van Beethoven was known to have enjoyed it. Besides Kraljevina, as the most famous wine of Zelina wine road, they also produce numerous other wines, such as Šipon, Graševina, Pinot Gris and Blanc, Chardonnay, Kerner and sparkling wine Anita Šipon.

The next group of Croatian wine roads is situated in **Istria**, on following four locations: Buje, Poreč, Pazin and Vodnjan. With more than one hundred years of tradition, the most renowned wine of these wine roads is Malvasia, followed closely by Teran, Merlot and Momjanški Muscat.

Međimurje wine road is famous for its numerous vineyards and renowned wines. This area also has a long wine making tradition, and due to its continental climate and sloped landscape, this area is one of best in Croatia according to assortment. The wine offer includes Pinot Blanc and Noir, Rheinriesling, Moslavac, Graševina and La Boheme.

The development of wine production and viticulture in **Slavonia and Baranja** dates back to pre-Roman times, making this area one of the largest and most important wine-producing subregions. Produced on the wine roads of Slavonia are: Graševina, Chardonnay, Sauvignon, Pinot Gris and Noir, Traminer, Merlot, Pinot and Daruvarska Graševina.

The most well-known wines in **Central and Southern Dalmatia** include Dubrovačka Marastina, Dubrovački Plavac, Merlot, Dingac and Cabernet, and the aperitif Parč. Vineyards are located in karst areas and on mountain slopes criss-crossed with rivers. With regard to both, the quality and the tradition, this is one of the most significant areas.

On the mainland part of **Croatian Littoral** region, vines are grown on southern slopes of Učka, Kapela and Velebit, while **islands** include Krk, with Vrbničko Polje as the best-known wine-growing area, Cres, Lošinj, Rab, Pag and Unije. Cultivated are: indigenous variety Gegić, Marastina, Zlahtina, Plavina, Sauvignon and sparkling wine Vinodolska Vodica.

These vine roads show the diversity of Croatian vineyards and represent an added value to tourism industry developments in their respective regions. Mostly they don't compete directly with each other, rather they as a whole give Croatian wine industry a competitive advantage in comparison to neighboring countries.

⁹ Wine production and wine roads in Croatia. www.croatia.net From: <http://www.croatia.net/hr/magazin/upoznajmohrvatsku/default.asp?id=7&arhiva=true>, 18.1.2007.

Competition in the World Market – Selected Countries

According to available Food and Agriculture Organization of the United Nations data, world wine production in 2005 has decreased by 4.6% in relation to 2004. A decrease in production was recorded in all selected European countries (largest European producers) which can be explained by large surpluses and growing supplies generated by European Union wine industry which will soon undergo a significant reform. Largest European producers are: France, Italy, Spain and Germany, while biggest producers outside Europe include USA, Argentina, Australia, China and the Republic of South Africa. Out of countries whose data was available, an increase in production has been recorded Chile and the Republic of South Africa.

Table 6. Production of wine in selected countries¹⁰

	Production of wine (in millions of l)		
	2004	2005	Change %
France	6,062	5,478	-9.6
Italy	5,450	5,186	-4.8
Spain	4,390	4,035	-8.1
USA*	2,289	n/a	n/a
Argentina*	1,604	n/a	n/a
Australia	1,509	1,471	-2.5
China*	1,333	n/a	n/a
Germany	1,388	1,323	-4.7
Republic of South Africa	1,042	1,188	14.0
Chile	646	809	25.2
Total (World)	31,653	30,183	-4.6

- - 2005 data for USA, Argentine and China was not available

¹⁰ Statistical data on wine production, Food and Agriculture Organization of the United Nations. From: <http://faostat.fao.org/site/567/DesktopDefault.aspx?PageID=567> 28.1.2007.

MARKETS FOR INPUTS – LABOUR MARKET

"As I become more experienced in my line of expertise, I get more and more convinced that the old saying which says that *the Croats are great in vine growing but weak in wine making*, which served as an excuse for certain mistakes in wine production process over the years, is in fact incorrect. The truth is that Croats are not even great vineyard workers. Unfortunately, there is a significant lack of expertise involved in the wine production process for Croatian vineyards to become more competitive. Grape production is insufficient, the grapes need to have an extra added value in order to be able to produce an added-value wine."¹¹

All wine makers preparing to enter a competitive European Union market which is already experiencing high surpluses in wine supply need to base their competitive advantage on an innovative approach to production processes which will be feasible only by employing educated employees and experts. Croatian agriculture in general lacks this kind of approach.

Education system in Croatia

High-school education

Fruit-growers, wine grape growers

Fruit growers and wine grape growers are educated by a three-year higher-school education program. This education program is implemented in Croatia by high schools in Čakovec, Đakovo, Kaštel Štafilić Nehaj, Marčan Vinica, Orahovica, Požega, Šibenik and Zadar. Upon graduation students have the opportunity to be employed by private or state-owned companies in fruit and/or wine growing industries and in greeneries.

Agricultural technicians

A four-year education program for agricultural technicians is being implemented in Croatia. Agricultural technicians are schooled in 16 high schools. A herbal production study program is run by high schools in Đakovo, Kaštel Štafilić Nehaj, Marčan-Vinica, Metković, Slavonski Brod and Virovitica. Agricultural technicians are employed by companies in crop production, livestock farming and by small farmers.

Higher education

Bachelors of Agriculture

The higher education system in Croatia has adapted to the Bologna process. Bachelor of Agriculture programs are offered by the Faculty of Agriculture in Zagreb, Faculty of Agriculture in Osijek and the School of Agriculture of Križevci. Upon graduation, students get a degree of Bachelor of Science in Agriculture.

¹¹ *Suhadolnik, Željko: Tomislav Tomac – enolog današnjice okrenut tehnologiji prapovijesti, From: www.mam-vin.hr/PDF/97/tomac.pdf (18.2.2007.)*

TECHNOLOGICAL DEVELOPMENTS

Ordinance on wine defines which physical and chemical parameters are determined for individual types of products. In cases of extremely demanding samples, ordinance on wine also defines an expanded list of parameters.

Quality control of wine and other grape and wine products is becoming more demanding every day. The testing Laboratory of the Croatian Institute of Viticulture and Enology (www.hzvv.hr) regularly introduces and validates new testing methods adopted from the International Organisation of Vine and Wine (www.oiv.int) and European Union regulations.

With a view to achieve continuous control of the results accuracy, testing laboratory is included in European parallel analysis of wines and spirits together with 22 laboratories from 11 countries.

Exceptionally interesting for Croatian wine-growers are the possibilities to also use grape crops for production of other grape and wine products, in accordance with the Wine Act, which can be easily achieved through introduction of new technologies:¹²

Grape products

- Conserved must
- Concentrated must
- Caramelized must
- Alcoholized must
- Partially fermented must
- Rectified concentrated must

Wine products

- Wine for the production of wine vinegar
- Wine vinegar
- Dealcoholized wine and wine with lower alcohol content
- Wine for distillation

Byproducts of grape processing and wine production

- Pomace
- Wine lees
- Wine sediment (crust)
- Grape seeds

Developments in technology of grape growing and wine production demand from producers to regularly monitor new findings and information which are the prerequisite for development, that is survival in the market. One of the unavoidable ways to learn about the newest products, services and technologies that are offered in the sector are visits to trade fairs of domestic and international character. One of such trade fairs is VINOVITA (www.zv.hr), which is held each year in Zagreb which has positioned itself as the central regional fair for wine and equipment for wine production and viticulture, under the sponsorship of OIV.

The largest international technology trade fair for technology in viticulture and wine production - Intervitis/Interfructa (IVIF – www.messe-stuttgart.de/intervitis) is held in Stuttgart every three years. It is a gathering at which the leading world experts in technologies related to this sector meet.

¹² Other grape and wine products, Croatian Institute of Viticulture and Enology. From: http://www.hrzzv.hr/vina_02_2.htm, 1.1.2007

FUTURE CHALLENGES

Out of approximately 30,000 hectares of vineyards in the Republic of Croatia, only 14,000 hectares have been registered, and since the European Union demands registration of every single vine, with compensation for rooting of old vineyards, a great deal of "tidying up" is expected in that field.

The greatest problem is the regulation of untended land ownership rights, especially on the islands and along the coast, which has prompted the Government to make the decision on the conversion of the so-called forest land into agricultural land which is suitable for planting vineyards and olive groves.

According to data from the Register of Agricultural Producers, areas under vineyards amount to approximately 30,000 hectares.

There is interest for planting new vineyards in Croatia because there is a shortage of both, grapes and wine for meeting the increased demand in the hospitality establishments. Wine is imported, and the export of Croatian wine is decreasing. Adulteration of wine has been significantly decreased. There are 14,000 hectares of market-orientated vineyards. One third of that area is covered by plantation vineyards owned by leading wine producing companies.

Differentiation in wine production can also be expected - to producers of quality wines, for whom there will be place in both domestic and world market, and to those who will not be able to compete due to poor quality of their product.¹³ Even with all the shortcomings of Croatian industry, Croatian accession to the EU doesn't have to be necessarily negative for the wine industry developments. Wines from EU countries will enter the market and take their share, but Croatian producers will also be able to export under the same conditions. Even today, there are many foreign wines in the domestic market, but the exports are low. Harmonization process will be difficult, but with organization and help from the state, it can be overcome.

Wine exports should be based on recognized quality and indigenous varieties. Also, it is necessary to modernize the production in the technological sense, with the objective to increase income and decrease expenses. That is the only way in which Croatia can compete with the increasing supply of wine in European and world market, says Jasna Čačić, Head of the Department for Wine.¹⁴

Wine in the European Union¹⁵

European Commission has suggested drastic measures to balance the wine market and increase competitiveness of European wine producers. Namely, due to decreasing wine consumption levels in the European Union large surpluses are created which are increasingly difficult to sell on the world market because of growing competition from so-called 'New World' wines.

The European Union is the world's largest producer of wine, and Europeans drink about 60% of the world's wine. Wine production is very important for the European Union, vineyards occupy 2% of the agricultural area, and the current EU-funded wine regime costs around one billion and 300 hundred million euro annually. However, consumption of wine in the EU is steadily declining, and at the same time, imports have sharply increased and could soon exceed exports.

To curb over-production and increase the competitiveness and appeal of the wine industry, the Commission's initiative from June 22, 2006 proposes incentives to root up vines, abolish subsidies for distillation of surplus wine, simplify labeling and update wine-making practices.

The largest producers (France, Italy, Spain and Portugal) bear the greatest responsibility for these surpluses, and subsidized crisis distillation of wine is used as a structural measure. The European Union is divided on the issue of subsidies, because largest producers oppose the elimination of state subsidies to wine producers as the measure that should increase competitiveness in the long run.¹⁶

Croatian producers need to prepare for these developments by enhancing their production efficiency prior to Croatian acceptance in the EU in order to become more competitive in EU market even without subsidized production once this incentive policy is abandoned.

¹³ Petković, Marinko: Croatia is about to undergo a major "housekeeping" of vineyards. From: <http://www.vjesnik.hr/Html/2006/08/19/Clanak.asp?r=gos&c=1>, 22.12.2006.

¹⁴ Srzić, Ante: The world does not know about Croatian wines. From: <http://www.tportal.hr/vijesti/eu/fset.html>, 7.1.2007.

¹⁵ Measures of the European Commission to increase competitiveness of European wine industry. From: <http://www.entereurope.hr/cpage.aspx?page=clanci.aspx&pageID=171&clanakID=1077>, 7.1.2007.

¹⁶ EU wine reform: Background information on the wine sector. From: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/06/245&format=HTML&aged=0&language=EN&guiLanguage=en>, 18.1.2007.

Sources of Information

The following sources of information were used for the purposes of compiling this report.

Central Bureau of Statistics (www.dzs.hr)

The operation of the Bureau is based on the Official Statistics Act (NN 103/03), and its regular statistical surveys are based on the Program of Statistical Surveys of the Republic of Croatia 2004 – 2007, which also gathers other ministries and institutions that make, together with the Bureau, the system of official statistics.

Annual implementation plans define the title, periodicity, contents, coverage, implementation method, territorial characteristic, time schedule and the status of harmonization of individual statistical surveys with national and international standards.

First releases by business sector are published monthly, and cumulative reports on development of business sectors are published in January for the previous year.

Methodology of creation of research used in this report follows the recommendations of Eurostat and The United Nations World Tourism Organization (UNWTO).

Croatian Chamber of Economy (www.hgk.hr)

Croatian Chamber of Economy is an independent professional and business organization of all business entities in the Republic of Croatia. It was established in 1852, organized in the European tradition and the so-called continental model of Austrian and German chambers with compulsory membership. Every company registered with the Commercial Court becomes a member of the Chamber.

Territorially, Croatian Chamber of Economy consists of Headquarters in Zagreb and twenty county chambers. Functionally, the CCE consists of eight departments dealing with respective branches of the economy (construction, industry, agriculture, small business, financial institutions, information and communication technology, etc.), and it also includes 40 professional associations, 87 groups and 19 affiliations.

Croatian Chamber of Economy publishes annual reports with detailed analysis of Croatian economy by individual sectors.

Croatian Institute of Viticulture and Enology (www.hrzzv.hr)

Croatian Institute of Viticulture and Enology was established by the Regulation of the Government of the Republic of Croatia on March 15, 1996 following the example of similar or same institutes in other European countries. For its work the Institute is directly accountable to the Ministry of Agriculture, Forestry and Water Management. It is run by the Board Council of three members whereas the head of the Institute is its Director.

Main tasks of the Institute are performing the analysis, inspection and evaluation of grapes for wine, must, wine and other grape and wine products, running the Vineyard Cadastre and keeping the main Register of grape and wine producers, producers of other grape and wine products, as well as other activities.

For the purpose of monitoring the efficiency and the current state in viticulture and enology, Institute has to submit a written report to the Ministry and to the respective working body of the Croatian Parliament at least twice a year.

Food and Agriculture Organization of the United Nations (FAO) (www.fao.org)

Food and Agriculture Organization of the United Nations (FAO) was founded in 1945 with a mandate to raise levels of nutrition and standards of living, to improve agricultural productivity, and to better the condition of rural populations. Since its inception, FAO has worked to alleviate poverty and hunger by promoting agricultural development, improved nutrition and the pursuit of food security - defined as the access of all people at all times to the food they need for an active and healthy life.

FAO offers direct aid in development, gathering, analyzing and distributing information; it provides advice to governments on policy implementation, and acts as an international forum for open discussion on problems of food and agriculture. FAO is active in land and water development, plant and animal production, forestry, fisheries, economic and social issues, investments, food standards and trade.

List of Tables:

Table 1	Number of companies, people employed and total turnover in 2004 and 2005
Table 2	Income from viticulture/viniculture industry in 2004 and 2005
Table 3	Vineyards and grape production in 2004 and 2005
Table 4	Wine consumption per household member in 2004 and 2005
Table 5	Wine consumption in hospitality establishments in 2004 and 2005
Table 6	Production of wine in selected countries in 2004 and 2005

Reference list:

1	Central Bureau of Statistics, Statistical yearbook 2006., Registar poslovnih subjekata From: http://www.dzs.hr/Hrv_Eng/jetopis/2006/00-sadrzaj.htm (22.2.2007.)
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