

Croatia

Before separation from Yugoslavia, Croatia (after Slovenia) was the most prosperous and industrialised area with a per capita output of one-third above the Yugoslav average. After Croatia declared its independence in 1991 it then took four years of sporadic and bitter fighting before occupying Serb armies were cleared from Croatia lands and the last Serb-held enclave was returned to Croatia in 1998.

After years of war and destruction the country is now rebuilding not only its economy, but also its name as a key tourist destination.

The economy is also improving. Unemployment has dropped steadily since the year 2000 and stands at around 18 per cent (2004) whilst wages are increasing.

Croatia is situated at the foot of the Alps with the Panonian Plain and the banks of the Danube in the east. The central region is covered by the Dinaric mountain range whilst the southern region extends to the Adriatic Sea.

There are just over 4.4 million inhabitants in Croatia (with around 780,000 in capital Zagreb) the majority of which are Croats with other Serb, Slovenian, Hungarian, Bosnian, Italian and Czech minorities.

Croatia is divided into 21 counties including the city of Zagreb, 122 towns, 424 municipalities and 6767 settlements. A town is a place that has more than 10,000 inhabitants.

Although Croatian waters are a sailors' paradise with its marinas reportedly fully occupied during the high season, tourism itself is only just reaching the level it saw before the Balkan wars. It is now forecast to grow by 6.4 per cent per year between 2005 and 2014.

Back in 2003 the region attracted around 8.9m visitors and many are Italians who hop across the Adriatic Sea to enjoy the Croatian gambling facilities.

Under ex-Yugoslavian rule there was no real gaming law and the first legislation concerning Games of Chance was established in 1998 followed by a second law, which came into force in July 2002 and was implemented at the beginning of 2003.

The law gives the right of game operation to Hrvatska Lutrija (Croatian State Lottery) while trade companies can operate casinos, betting offices and slot clubs by obtaining concessions from the government.

Games are divided into four groups – lottery, casino, betting and gambling machines and the law includes the following points:

- Hrvatska Lutrija is authorised to operate games of chance in casinos without any restrictions. Other companies must apply for a concession.
- The concession is granted for a period of 10 years or for a seasonal period of up to six months with only a maximum of two seasonal licences per concessionaire.
- Companies must provide an initial capital of KN4m and a bank guarantee of 30 per cent of the capital.
- The casino must also have a daily risk deposit of KN150,000 and €50,000 for the minimum number of tables (seven) and be required to hold a further KN50,000 for five tables thereafter.
- The gaming tax for operating games in casinos is set at 15 per cent of the total gaming income.
- Casinos must have a minimum space of 400sq.m or 300sq.m for seasonal casinos and a minimum of seven Roulette, dices and card games tables.



- Concessions for operating gaming machines (slot clubs) are also obtained via the government and concessionaires must have a registered capital of KN1m and a bank guarantee of at least 20 per cent this amount.
- Seasonal slot clubs can be operated for up to six months and only two slot clubs maximum are allowed per licensee.
- A slot club should have a minimum of 30 slot machines and a minimum area of 100sq.m. A seasonal club should have a minimum of 20 slot machines and an area of 80sq.m
- The slot club operators pay a monthly tax of 25 per cent of the gaming income plus an advance annual fee of KN300,000 per location.

The gaming industry in Croatia is probably the most well controlled and professional market within the Balkans

region and although there are many slot rooms there are few illegal operations. Kresimir Licitar, director of international operations for Croatian company MSfG said: "Machines cannot be altered in Croatia and only serious companies are in business and no illegal machines. It is a very controlled market." There are numerous slot halls in Croatia and it's hard to find an exact figure. However there are currently 47 companies who have a concession to operate slot clubs and it is estimated that each of these have around three clubs each estimating the total at around 200. Hrvatska Lutrija operates 30 slot clubs and other gaming operations such as Lotto 6/45, Lotto 7/39, Toto 13, Joker, Keno 20/80, Bingo 15/90, Bingo Plus, Scratch Lottery, Tear-off Lottery, seasonal lotteries and sports betting. Hrvatska Lutrija reported profits of KN62.4m in 2004 with total incomes >>>



of KN349.2m, which was a slight loss from 2003 figures. Other slot room operators include Germany's Merkur-Spielothek which has two slot halls in Croatia. The Slavonski Brod, which opened in November 2005 and a new larger slot hall in Zagreb at the rear of the Westin Zagreb Hotel which opened in May this year. The Westin slot hall is 300sq.m and includes 40 slots and two electronic Roulette machines. The arcade also hosts Roulette tournaments and supplies free drinks and food for players. The Slavonski Brod arcade operates 30 slots and two Roulottes. Atronic has been active in the Balkans region for several years in the past and has recently teamed up with a new Croatian company, MSfG, to offer new solutions in leasing and supply in the Balkans region. MSfG was involved in introducing Cash

Fever into the Croatian market after an installation at PSK slot hall in Dubrovnik followed by a launch at the Wettpunkt slot casino in Zagreb which houses slots and sports betting machines. Kresimir Licitar, director of international operations for MSfG said: "Players are attracted by the prospect of hitting a jackpot and will chase that jackpot for maybe weeks or even months only to come in one day and find it has been hit when they weren't even in the casino. "With the bank of Cash Fever machines, regular jackpot hits mean these players get to witness regular jackpot wins which encourages them to keep on playing the Cash Fever games and this is a major selling point." Austria's CBC-X is also active in Croatia and together with Bosnia is a key market within the Balkans for this sports betting systems supplier. CBC-X's Jürgen Paierhuber said: "Betting

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Kresimir Licitar, MSfG.

on sports events and horse and dog races enjoys an ever growing popularity in the Balkan countries and with our products and services we aim to please every need. Same goes, on a slightly smaller scope, for Macedonia and Albania, and we are very proud to assert our strong position in these markets.

"The new generation of CBC-X betting systems enjoys great popularity and awareness. The Balkan countries will remain key markets for CBC-X in future for sure."

Meanwhile amusements do exist in Croatia although in small numbers. Because of Croatia's strong links with Germany some Kegel style bowling lanes do exist in Croatia and there is one 10-pin bowling centre in Zagreb.

Although the bowling market is very small at present, opportunities are there for growth particularly in the tourist resorts of Split and Dubrovnik.

Complete Bowling's Nick Keppe said: "The whole Balkans region has other priorities at the moment and luxury items and leisure are not top of the agenda for these people.

"Reconstruction is still going on and damage from the war is very evident. However over the course of the next three years we will see some development I believe."

CASINO MARKET

Gaming in Croatia dates back to the mid 1960s when several Western style gaming venues were established and around five or six casinos. The first casino to open in Croatia was Casino Rosalia in Opatija in 1963.

Today the country has a total of 21 permanent and seasonal casinos. There are a total of 2,500 slot machines and 200 tables in these casinos.

Each casino concessionaire is allowed to open more than one permanent casino but only a maximum of two seasonal casinos with six monthly operations. Only the Croatian State Lottery is exempt from these restrictions.

The Croatian government also has a fairly liberal view on gaming and outside the peak summer months caters to professional gamblers via the so-called junket market.

Five new concessions for casinos have recently been issued and the first of these is due to open this month (September). Zagreb boasts the most casinos with three locations and the largest casino is the Miro Hotel and Casino Minera located in Plovanija.

There are five large operators of casinos including the government owned Lottery group (Hrvatska Lutrija) which operates three casinos in Croatia.

These are located in Zagreb (Casino International), Rijeka (Casino RI) and Varazdin (Casino Tourist) with





Country: Republic of Croatia
 Capital: Zagreb
 Population: 4,494,749 (July 2006 est.)
 Median age: 40.3 years
 Male: 38.3 years
 Female: 42.1 years (2006 est.)
 Ethnic groups: Croat 89.6%, Serb 4.5%, other 5.9% (including Bosniak, Hungarian, Slovene, Czech, and Roma) (2001 census)
 Religions: Roman Catholic 87.8%, Orthodox 4.4%, other Christian 0.4%, Muslim 1.3%, other and unspecified 0.9%, none 5.2% (2001 census)
 Languages: Croatian 96.1%, Serbian 1%, other and undesignated 2.9% (including Italian, Hungarian, Czech, Slovak, and German)
 Government type: presidential/parliamentary democracy
 Chief of State: President Stjepan (Stipe) MESIC (since 18 February 2000)
 Head of Government: Prime Minister Ivo SANADER (since 9 December 2003)
 Cabinet: Council of Ministers named by the prime minister and approved by the parliamentary Assembly
 Elections: president elected by popular vote for a five-year term (eligible for a second term); election last held 16 January 2005 (next to be held January 2010)
 National holiday: Independence Day, 8 October (1991); note - 25 June 1991 is the day the Croatian Parliament voted for independence.

>> plans to open a further two casinos soon. Each casino has seven gaming tables and between 30 and 45 slot machines.

Cubus Lux (Casino Histria) is Croatia's second largest casino operator and first began to operate in the summer of 2002 when they bought control of the Histria Casino in Pula (one of Croatia's oldest casinos) and changed its name to Las Vegas Casino in early 2003.

The group later opened two other Las Vegas casinos in the Hotel Belvedere in Medulin in September 2004 and one in Hotel Narcis, Rabac in June 2005. In March this year the Cubus Lux also acquired Plava Vala, which owns a licence to build and operate a marina under the brand name Olive Island Marina on the Croatian island of Ugljan Gerhard Huber, Executive Chairman of Cubus Lux, said: "Cubus Lux has seen much change over the year transforming from a pure casino business into a leisure and tourism company. The acquisition of Plava Vala has created a three pillar strategy of casinos, marinas and other leisure opportunities such as hotels and golf courses and this sets us on our way to achieving our goal of becoming the pre-eminent tourist and leisure business in Croatia."

Casino Royal has three casinos located in the Hotel Panorama in Zagreb, Hotel Maestral in Novigra and the country's newest casino in Rovinj. The latter two casinos are seasonal operations.

Casino Miro also operates three casinos located in the Hotel Miro in Plovanija, Hotel Split and Makarska which is a seasonal casino.

And finally since 2003 Spain's Grupo Orenes has operated two casinos in Croatia - Casino Dubrovnik and Gran Casino Vodice and is now looking at further locations.

Orenes' Director of Communication and Marketing, Daniel Matas Quintanilla said: "The company's expansion plan includes research of new markets to operate casinos. Although the opening of casinos are really complicated owing to the changes in legislation depending on the countries, the Balkans is a very attractive region for our company, so we are studying the possibility of opening new casinos there and in other parts of the world."

Other operators have single sites including CAI which operates one Casino City in Zagreb which opened in May 2000 in the five star Hotel Regent Esplanade. The casino houses 10 gaming tables including Roulette, Blackjack and Poker and 20 slot machines and a private salon for high-end players. The slots mix includes 15 IGT games and five from Bally. There are seven video slots and 13 reel games.

Between April 2003 and September 2004 the casino closed for extensive refurbishment to the hotel and the casino itself relocated to new premises within the building.

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Daniel Matas Quintanilla, Grupo Orenes.

Casino City's general manager, Michael Gregory said: "We have Caribbean Stud as opposed to Texas Hold 'em however I am hoping to introduce Texas Hold 'em in the near future.

"As we receive a high proportion of foreign guests, all staff speak English plus we have Italian, German and Russia speakers too."

The visitor mix to Casino City is roughly 70 per cent locals compared to 30 per cent tourists.

As with other casinos, competition from the many slot halls and sports betting outlets in the city is tough.

>> Casino operators say slot halls have no restrictions on entry (only over 18 years of age rule) whereas there are restrictions placed on entering 'live game' casinos (providing ID).

CAI's Hermann Pamminger said: "Pre-closure guests continued to return to Casino City Zagreb as the year progressed and the casino recorded a 22 per cent increase in visitor numbers and almost trebled its GGR compared to the period it was operational in the previous year." Meanwhile Aristocrat is active in Croatia, particularly in those casinos which are located along the border of Slovenia. Products include over 20 top performing Xcite games and two Hyperlinks. Popular games include Double Stand Alone Progressive Zorro Xcite and the new Pele Golden Goals Hyperlink. Croatian products are also offered with TITO capability.

Casino Mulino is one casino which houses Aristocrat games and currently has six 50 Lions machines. Slot manager Zlatko Sambol said: "We are extremely satisfied with the 50 Lions game, which is still very popular with our customers and is performing three times better than the floor average. The game has been a success at this venue since its release here in October when three machines were installed."

Austrian Gaming Industries is also present in Croatia and has established successful operations and a growing sales base. AGI's Andrea Lehner said: "With the expected accession of Croatia to the European Union and the gradual further expansion of the EU, AGI expects the Balkans to become one of the emerging economic regions of the future."

"Promising orders are also coming from Serbia, Bosnia and Macedonia and we will observe the economic development and the gaming market in these regions very closely."

Unidesa has also been active in Croatia via a distributor for the last three years and sells casino games, slot machines and multiplayer products.

Unidesa's Jordi Pedragosa said: "With all that is happening in regards to the gaming laws in Slovenia it is also happening in other Balkan countries. Slovenia is one of the most experienced and professional markets in the region and of course it affects indirectly the other countries."

"The law in Croatia came in two or three years ago and together with the culture's tourism the market has grown at the same level."

Meanwhile IGT supplies mainly video products to the Balkans regions of Serbia and Montenegro and Bosnia although is usually only involved with any HIT operations. The company has also supplied to the Croatian Lottery and other individual sales.



GROATIA'S CASINOS (PERMANENT) PER REGION BUJE

There is only one casino in Buje called the Mulino Casino Club, which is situated by the sea and near to the historical city of Buje and on the Slovenian-Croatian border pass at Plovanija. It is only 5km drive from Portoroz in Slovenia, 10km from Umag in Croatia and 35km from Trieste in Italy. This casino is known as one of the most attractive and well-run casinos in Europe and houses 130 slot machines and 25 table games. Other facilities include a casino restaurant, bar, cabaret theatre and due to open this year

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**Jordi Pedragosa,
Unidesa Gaming and
Systems.**

the Hotel Mulino which will include a swimming pool and piano bar.

DUBROVNIK

Casino Dubrovnik is located in the five star Hotel Excelsior and is operated by Spain's Orenes Group. The casino was opened in June 2003 and features 45 slot machines and 14 tables including six American Roulette, one electronic Roulette, two Poker tables, two Blackjack, two Punto y Banco and one Craps table. Other facilities include the Restaurant Zagreb, Taverna Rustica, Piano Bar and five multifunctional rooms.





>> HVAR

The Casino Hvar has 20 slots and seven table games. There are also two restaurants, one bar and hotel with 325 rooms.

OPATIJA

Opatija is an Adriatic coastal resort, which has become increasingly popular with tourists with hotels constructed along the 12 kilometre coastline. The city boasts two casinos. Firstly the Casino Madonna which has 60 slot machines and six table games and the Grand Hotel Adriatic which has 60 slot machines and 11 gaming tables including six American Roulette, two Blackjack, two Caribbean Stud Poker and one electronic Roulette. Other facilities include the Aperitif bar, Beach Bar, Piano Bar and Restaurant Fortuna. The Adriatic casino is the only casino on the Opatija Riviera which also offers a birds eye view of the Kvarner Bay.

MEDULIN

The Las Vegas casino is located in the Hotel Belvedere and opened in September 2004. The casino is 3,229 sq.ft and holds 30 slots and eight table games. There is also a restaurant and hotel with 450 rooms. The Las Vegas Casino was the second casino to be opened by Cubus Lux, which also operates two others casinos in Pula and Rabac.

POREC

The Casino Perentium is located in the

Hotel of the same name in the quiet peninsula of the Zelena Laguan Holiday Resort. The hotel has 368 rooms.

PLOVANIJA

Plovanija hosts one casino, the Minera located in the Miro Hotel. With 250 gaming machines and 34 gaming tables it is the largest casino in Croatia.

PULA

Opened in 2002, the Las Vegas casino at the Grand Hotel Histria in Pula, is operated by Cubus Lux. This was the group's first casino, which was later followed by two further locations in Medulin and Rabac. The casino has 78 slot machines and 15 gaming tables and is 7,535 sq.ft in size.

RABAC

Rabac is a key tourist spot with its white pebbled beaches and Mediterranean vegetation. The Las Vegas casino is the third casino operated by Cubus Lux and is located in the three star Hotel Narcis. The casino is 5,920 sq.ft and has 50 slots and seven table games including two American Roulette, two Blackjack, two Poker and one Chemin de Fer. Cubus opened the casino in July 2005 and entered into a three year agreement to operate with an option for an additional three year extension. Other features include one restaurant and an adjacent camping area.

RIJEKA

There is one casino in Rijeka operated by

Hrvatska Lutrija which features slots and seven gaming tables including American Roulette, Blackjack, Caribbean Stud Poker and Casino Bingo.

SPLIT

Split is located in the central part of the Eastern Adriatic coast and there is a Casino Miro located in the Split Hotel. This casino has 10 slots and four table games whilst the hotel has 204 rooms

UMAG

Casino Solei is located in the Grand Hotel and has 250 gaming machines and 21 slots including six American Roulette, three Blackjack, two Caribbean Stud Poker, two Chemin de Fer, two electronic Roulette, two French Roulette, three poker and one Punto Banco.

VARAZDIN

Only one casino in Varazdin called the Tourist Hotel and Casino operated by Hrvatska Lutrija has 24 slot machines and seven Blackjack and Roulette gaming tables.

VODICE

Opened in July 2003 Casino Vodice is operated by the Orenes Group and is located on the 10th floor of the Hotel Punta. It features 15 video slot machines from IGT and Franco and one electronic Roulette from AlfaStreet. There are also two American Roulette tables, two Blackjack tables and one Telesina Poker Table. Other facilities include buffet and nightclub.

ZADAR

Casino Marina was officially opened in 1991 and began as a joint venture company between Casino Finance Holding Lichtenstein (CFHL) and Tankerkomerc Inc. Casino Zadar was, at the time, one of the few casinos designed on Western European styles and proved a huge tourist attraction for the region. After the war the casino was damaged and closed down. After renovations, the casino was reopened in August 2001 and Tankerkomerc became a full owner of the casino, which received a 10 year concession in 2000.

ZAGREB

The historic city of Zagreb is one of Europe's oldest cities. There are three casinos in Zagreb including Casino Austria International's Casino City Zagreb which has 20 slots and 10 table games including Roulette, Blackjack and Poker. Also in Zagreb is Casino Royal located in the Hotel Panorama with 30 slots and seven tables and the International Hotel and Casino with slots and seven table games operated by Hrvatska Lutrija. A fourth site, Casino Vega, closed in July last year.

* For a full copy of the Croatian Games of Chance law please contact G3