



# CROATIA

PERMANENT MISSION TO THE UNITED NATIONS  
NEW YORK

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**Commission on Sustainable Development  
Fourteenth Session  
High-level segment**

United Nations, New York  
11 April 2006

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Mr. Chairperson,

As this is the first time that my delegation is taking the floor during this session of the Commission on Sustainable Development, please allow me to congratulate you and the other members of the Bureau on your election and to thank you for the efforts put into organizing the 14<sup>th</sup> Session of the Commission. I would like to assure you of the full cooperation of my delegation during this Session as well as the following policy session of the Commission. I would also like to thank the Secretary General as well as all other relevant bodies for preparing excellent reports for our discussion.

As Croatia has already aligned itself with the statement of the European Union, I will limit my statement to the national policies and good practices of Croatia regarding this year's thematic cluster of energy, industrial development, air pollution and climate.

The development of the **energy sector** is a very important part of the general economic development strategy of the Republic of Croatia. The share of the energy sector in the national GDP is about 5 %. In the past fifteen years, the energy sector has seen changes involving key market, economic, legal and institutional aspects of its operations. The principal objectives of the energy policy of the Republic of Croatia are stated in the Energy Sector Development Strategy, which was adopted by the Croatian Parliament in March 2002 for the period of 10 years and which calls for:

1. **Improvement of energy efficiency** from the production, transformation, transmission and transportation to distribution and consumption of energy, which includes encouraging the process of gas pipeline installation and possibilities of gas usage, and generation of energy outside public networks;
2. **Safe energy provision and supply**, which encompasses inclusion in the international energy market ensuring several lines of connection to international networks and provision of energy from several directions for all energy network systems, development of transmission and transport networks, development of distribution networks, observation of safety limitations and state interests;
3. **Diversification of energy-generating products and sources** which includes selection and provision of energy-generating products which will ensure safe supply to the consumers, and spatial arrangement of sources which will guarantee the safety of supply of each area;
4. **Utilization of renewable sources of energy** which will be in accordance with sources, technological development and economic policy as a whole.

The energy sector reform in the Republic of Croatia, which comprises restructuring and changes in the overall energy sector, has a significant effect on the possibilities of introducing and increasing the share of renewable energy sources. The Electricity Market Act sets out the legal obligation to purchase electricity produced from renewable energy sources in the manner that a quota or a minimum obligatory share of renewable energy sources in electricity production is determined by a special Government ordinance. Consequently, on the one hand, incentive funds, as strong economic instrument needed to cover increased costs of production from individual renewable energy sources, will be collected from customers through the supplier and distributed to privileged producers through the Market Operator. On the other hand, renewable energy sources investment projects will be encouraged by other economic instruments: purpose-specific government subsidy (state aid) and by the Environmental Protection and Energy Efficiency Fund (EPEEF – i.e. out of a public budget).

Renewable energy sources for thermal use will be governed by regulations on district heating and combined heat and power systems. Besides the above mentioned Fund, certain incentives are placed under the jurisdiction of local or regional authorities pursuant to the renewable energy sources and cogeneration Use rules and tariff system for electricity generation from renewable energy sources and cogeneration.

By applying new energy legislation and associated by-laws the renewable energy sources' projects in Croatia will have a complete and stable legal framework as well as support through incentive measures which will equitably value environmental, social and other benefits by using renewable energy sources.

Furthermore, the Strategy addresses:

**5. Realistic and market-related prices of energy and development of energy market and entrepreneurship,** and privatization processes in accordance with the interests of the State, which should encourage energy efficiency and good energy management and enable inclusion of Croatia into the European energy market;

**6. Environmental protection** which in the energy sector implies the primary action in connection with energy efficiency, renewable sources, choice of energy-generating products and application of state-of-the-art protection technologies, quality legislation and supervision, the public opinion and education and promotion of best practices. In this regard the Croatian Parliament adopted National Environmental Strategy in 2002 which has determined its long-term emission reduction objectives for the main air pollutants. The objectives are determined in accordance with existing and future obligations under the Convention on long-range trans-boundary air pollution, its protocols and objectives related to mitigation of Climate Change. The National Environmental Strategy outlines the key objectives related to air pollution reduction, including:

1. Reduction of the greenhouse effect of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, PFC, SF<sub>6</sub> emissions by 5% in comparison with the emissions of the selected base year; taking into consideration Croatian circumstances related to the very low base year emission level. In that respect Croatia has requested increase of the emission level for its reference year, with reference to Article 4.6. of the UNFCCC which allows countries with economies in transition a certain degree of flexibility in the implementation of their commitments.
2. Prohibition to release into the atmosphere and obligation to collect and recycle the ozone depleting substances.
3. Reduction of the SO<sub>2</sub> emissions by 61 % by 2010 as compared to 1990 or by 22 per cent as compared to 1998.
4. Maintenance of the NO<sub>x</sub> emissions by 2010 on the 1990 level.
5. Reduction of the emissions of volatile organic substances (without methane) by 14 per cent by 2010.
6. Reduction of the NH<sub>3</sub> emissions (of anthropogenic origin) by 19 per cent by 2010 as compared to 1990 and prepare a codex of good agricultural practices.
7. Application of the existing regulations on particulate matter emissions.
8. Reduction of the emissions of persistent organic pollutants (primarily polycyclic aromatic hydrocarbons, hexachlorobenzene and dioxane/furan) by 2010 as compared to 1990.

National Environmental Action Plan (NEAP) also adopted in 2002 as the implementation document of the National Strategy contains detailed action plans for thematic areas of environmental protection in the various sectors. Within the NEAP the most essential standards for prioritizing the plans are sustainability, socio-economic and environmental benefits, financial

and technical feasibility and the necessity to fulfill the priority obligations in the EU association process. The aim of this strategy is to make clear the direction Croatia should be taking in order to achieve a competitive, economically and socially fair and ecologically sound sustainable development.

In the past 15 years, Croatia has reoriented its development strategy towards a more service-based economy. As a result, the share of the manufacturing sector in the national GDP has been around 20 per cent for the past three years. In order to improve the competitiveness of Croatia's manufacturing industrial products at the global market, a number of activities on the industrial enterprise level has been undertaken, based on the sustainable development approach.

A Cleaner production approach dissemination and implementation, mostly in small and medium size enterprises (SMEs) has been launched after the Croatian Cleaner production center (CCPC) was established in 2000 within the framework of the UNIDO-CRO project.

Over a hundred cleaner production projects (CPP) have resulted in significant savings and in environmental benefits (waste water reduction, industrial waste reduction, air emissions reduction, energy savings /steam and fuel gas/ and fresh water savings).

New services of the CCPC, such as environmental management accounting and Life cycle assessment are accessible to the production management.

The outcomes of the ongoing UNIDO partnership program project is to build corporate social responsibility (CSR) related capacity in Croatia, enabling industry support institutions to assist the business sector and disseminate good practices and strengthen the CSR agenda in Croatia and the region.

Industrial companies' programs and projects based on cleaner production and CSR-approach are financially supported by national Environmental Protection and Energy Efficiency Fund.

Let me emphasize that Croatia stands firmly on the path of sustainable development. Its strategies both in the field of energy and climate change have been introduced to enable Croatia to make important contribution to climate protection. A strategy on the fulfillment of Croatia's commitments under the UNFCCC and the Kyoto protocol is being prepared. This Strategy will include proposals for the adoption of measures aimed at establishing effective emission reductions in all sectors as well as the adoption of necessary regulations which would integrate the provisions of UNFCCC decisions and guidelines related to greenhouse gas emission monitoring and measures for its reduction into Croatia's national legislation.

Mr. Chairperson,

We believe that it is vital to have realistic targets and to deliver on them, reviewing our strategies and policies at every stage. Clearly, there is little point in one country acting alone. We need a concerted international effort to reach our goals of sustainable development in the field of energy, industrial development, air protection and climate change. Therefore, these issues are discussed and reviewed regularly at this very appropriate United Nations forum which recognizes the efforts to integrate the goal of environmental protection with greater economic development and social justice at international, regional and national levels. We therefore expect that inputs from this review session will produce concrete benchmarks clearly identifying impediments, but also showing a way forward when we meet next year at the policy session.

Thank you for your attention!