

Croatia

Local report



Croatia's lubricant market has almost halved in the past ten years and now accounting for only 24 thousand tons. Furthermore, lubricant consumption in Croatia is almost 5 times lower than before the collapse of Yugoslavia. At that time the Croatian national oil company INA has been producing over 120 thousand tons of lubricants. This significant lower lubricant consumption is largely a consequence of the overall state of the economy in Croatia and only partially due to extending oil drain intervals but certainly not due to improved lubrication practices nor using high performance lubricants.

The economy of Croatia is mostly service-based so thus the industrial sector accounts for only 26% of the total gross domestic product (GDP). After the collapse of socialism, Croatia went through a process of transition to a market-based economy in the 1990s, but its economy suffered badly during the Croatian Homeland War (1991-1995), which through direct and indirect damages, significantly slowed down the economic growth. Devastated factories, being cut off from the main export markets, the inability to compete with the international companies and badly conducted privatisation, are just a few consequences.

After the war the economy began to improve, before the financial crisis of 2008 the Croatian economy grew at a healthy 4-5% annually, incomes doubled, and economic and social opportunities dramatically improved. The Croatian economy was badly affected by the financial crisis, and contracted during the past several years. The first signs of a recovery occurred in the first half of 2014 and the current situation is stable.

The lubricant market could be typically structured through the industrial and automotive segment. Within the automotive category, engine oils account for 39% of the overall lubricant market. Other automotive lubricants, including transmission and axle lubricants, fluids for hydraulic torque converters and automatic transmissions fluids, represents an additional 5% of the market.

Following the OEM's recommendations during the warranty period, the PCEO segment is consequently changing as new vehicles are acquired, although the number of registered vehicles has been slightly decreased since 2008. Currently, SAE 15W-40 is the most common viscosity grade in the Croatian PCEO market. It represents almost 45% of oil sold, despite the fact that SAE 5W-XX and 10W-XX are the most widely recommended grades for new cars acquired in Croatia. SAE 10W-XX represents over a 30% share of the market whilst SAE 5W-XX holds 25% of the PCEO market. In the heavy-duty diesel segment SAE 15W-40 is the predominant viscosity grade and accounts for 65%. Whilst SAE 10W-40 holds a relatively good market position with 25%, SAE 5W-XX begins to grow these last few years but still represents only 5% of the market. Monogrades are declining and represent only 5% of HDDEO market.

Consumption of industrial lubricants, including metalworking fluids and greases, represents 57% of the overall lubricant market in Croatia. High performance industrial lubricants are required by users of new equipment only and are not widely accepted due to high initial costs. Biodegradable lubricants are also not recognised and accepted widely in Croatia from the same reason. But also, there are no regulations or any environmental pressure forcing their use.

In such a situation GOMA – the Croatian society for fuels and lubricants – should bring attention to the benefits of using technologically advanced lubricants to their members. In addition, priority should be given to those activities that ensure adopting the proper regulations that will stimulate introduction of new products or technologies which can deliver lower costs and protect the environment. The objective of this concept is to strengthen competitiveness of the national industry and ensure support to its growth and development.

LINK
www.goma.hr