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Croatia: Small fuel retailers fear closure due to price cap

The national association for small fuel retailers has warned the government that its recent price freeze will result in the closure of more than 200 locations.

Last Monday, the Croatian government announced the extension of fuel price caps for all service stations outside motorways. The measure was originally put into effect in the middle of June to prevent a rise in prices and it has now been extended.

The price cap applies to 95-octane petrol and diesel at stations located outside motorways while premium fuels can be sold at market prices. Current prices are set for 13.50 kunas (1.80 €) for gasoline and 13.08 kunas (1.74 €) for diesel.

“We have made a decision that protects citizens’ standards and helps the economy. Without government intervention, diesel would cost more than 16 kuna (2.12 euros),” stated Davor Filipović, Minister of Economy of Croatia, last Monday when he confirmed the extension.

Prior to the original announcement in June, a cut of excise duty and sales margins on motor fuels was made official to further reduce the impact of the prices on Croatian citizens.

“We are intervening in the market because we think the circumstances require this. This is the role of the State, it is the only one who can step in and make some moves that are good for citizens and the economy,” said Prime Minister Andrej Plenković after an online cabinet session that tackled fuel prices exclusively according to a report by public news agency HRT.

Small retailers worry about their survival

Small-sized service station brands have expressed their discontent regarding the latest extension of the price freeze. The Association of Small Oil Derivatives Dealers released a public statement complaining about the impact that the measure will have on their business, which includes the possible closure of more than 200 stations in the near future.

“We just cannot carry on like this. We have been operating at a loss for eight months, and we have no other option but to start closing down stations. I expect another 240 stations to close soon,” stated Armando Miljavac, Head of the association, in an interview with Croatian National Television.

In its public statement, the organisation also warned about the potential fuel shortage that these measures could trigger with the summer looming. Closures are not only a danger for retailers but could also cause major disruptions during the touristic season, one of the engines of Croatia’s economy.

In their press conference, the government representatives assured they were not targeting small retailers. Filipović emphasized that bigger companies, such as INA, should bear the bulk of the inflationary burden.

Local fuel retailers informed that small distributors are selling fuel at the same price they buy it for. The association estimated that almost 50 station operators have already lost 16.5 million kuna (€2 milion) in the last two weeks.

The current state of the fuel retail market in Croatia

The Croatian fuel retail market is currently composed of 961 petrol stations with just over 70 of them located in Croatian highways. According to a recent report by the local news site See News, this means that 94% of the whole network will maintain price caps while the remaining 6% will sell their products according to the market.

The main companies that operate the fuel retail network in the country are INA, with a total of 396 forecourts and 46% of the market share; Petrol, which operates 111 stations and owns 13% of the share; followed by Crodux, with 91 locations and 11% of the market share; Lukoil and Tifon, operating 47 and 50 sites respectively and owning 5% of the market; Shell and Adria Oil, with 26 and 25 stations respectively and 3% of the share for both; and lastly KTC, with 15 locations and 2% of the market share. The rest of the network is composed of local and smaller brands as well as family-owned sites across the country, following an article published by the Expat in Croatia tourist guide.

Last update: July 6, 2022

