

# DIGITALIZING ITS LAND REGISTER: CROATIA'S E-TICKET TO THE EU

Kalin P. Schlueter\*

## I. INTRODUCTION

With its most recent 2007 expansion, the European Union (“EU”) has grown to twenty-seven countries.<sup>1</sup> In 2003, Croatia applied to become the newest member of this conglomerate.<sup>2</sup> Following its application, the EU assessed Croatia’s strengths, and, more importantly, its deficiencies as an EU candidate.<sup>3</sup> This is standard procedure for any EU applicant,<sup>4</sup> but Croatia found itself sorely in need of reforms and adjustments in a number of major categories.<sup>5</sup> Although at one point it appeared Croatia might join with the 2007 class of Romania and Bulgaria,<sup>6</sup> Croatia is not expected to gain membership status before the end of the decade.<sup>7</sup>

Among the most significant shortcomings cited by the EU were: an inefficient and undisciplined judicial system; human rights violations and regional hostilities lingering from its 1990s war for independence; political corruption; and a lagging market economy.<sup>8</sup> The EU made additional reference to Croatia’s sorely deficient real property registration system.<sup>9</sup> As this Note will argue, an overhaul of this property registration scheme can either directly or indirectly rehabilitate each of the broad aforementioned issues.

---

\* J.D., Indiana University School of Law, Indianapolis, 2008. B.A., Sociology, Purdue University, 2005. The author would like to express his gratitude to Professor Tom Wilson of the IU-Indy faculty, as well as Professor Tatjana Josipovic of the University of Zagreb Faculty of Law, for their assistance, patience, suggestions, comments, etc.

1. Europa – Overview of the European Union Activities, *The Accession Process for a New Member State*, <http://europa.eu/scadplus/leg/en/lvb/l14536.htm> (last visited Jun. 10, 2008) [hereinafter EUROPA – Accession Process].

2. COMMUNICATION FROM THE COMM’N – *Opinion on Croatia’s Application for Membership of the European Union* (2004), available at [http://eur-lex.europa.eu/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=504DC0257](http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=504DC0257) [hereinafter EUR. COMM’N – OPINION].

3. *See generally id.*

4. *See* EUROPA – Accession Process, *supra* note 1, at 4.

5. *See generally* EUR. COMM’N – OPINION, *supra* note 2.

6. *See* VISNJA SAMARDZIJA, CROATIA’S PREPARATION FOR EU ACCESSION 6 (2003). *See also* Faith Glasgow, *Bathing in the Warm Adriatic Sun*, THE FIN. TIMES, May 15, 2004, at 6.

7. Euractiv.com EU News and Policy Positions, *Rhen: Croatia will not join EU before 2010*, <http://www.euractiv.com/en/enlargement/rehn-croatia-join-eu-2010/article-156042> (last visited Jul. 16, 2008).

8. EUR. COMM’N – *Enlargement: Candidate Country: Croatia*, [http://ec.europa.eu/enlargement/croatia/eu\\_croatia\\_relations\\_en.htm](http://ec.europa.eu/enlargement/croatia/eu_croatia_relations_en.htm) (last visited Jan. 24, 2008). [hereinafter EUR. COMM’N – ENLARGEMENT].

9. EUR. COMM’N – OPINION, *supra* note 2, at 64.

While it was applying for EU membership, Croatia also launched the “biggest change in the country’s land management in over a century.”<sup>10</sup> In assessing the venture, Croatian Prime Minister Dr. Ivo Sanader proclaimed “[f]or a successful EU integration . . . [t]he foundation of the future development of Croatia should rest on a modern State administration serving its citizens. . . . [This includes] precisely the establishment of a reliable and effective registration system for real property and its titles.”<sup>11</sup> This property registration reform is a large part of what Dr. Sanader and other Croatian visionaries are calling the “e-Croatia” concept.<sup>12</sup>

Formal negotiations between the EU and Croatia did not begin until late 2005.<sup>13</sup> By then, Croatia’s land reform was well underway, the country had cut property registration times by more than half, and benefits were beginning to surface on all fronts.<sup>14</sup> Analysts expect the primary leg of the reform to last throughout 2008.<sup>15</sup>

Part II of this Note begins with a discussion of the EU, including its general functions and the expectations of its members. Turning next to Croatia’s application specifically, this Note cites what the European Commission believes to be Croatia’s most significant flaws. Part III of this Note will explain the deficiencies of Croatia’s land register and inform the reader what Croatia has done to address these issues. From there, this Note will turn to the precipitate effects of the property reform. Specifically, this Note will clarify the issues confronting the judiciary, rights of refugees, lack of foreign investment, and corruption in the political and administrative realms. Finally, this Note will acquaint the reader with how the reforms of the land register and cadastre have, in turn, served to repair each of these gross pitfalls in Croatia’s EU membership application and speculate on the ascension of Croatia to the EU as a result thereof.

## II. THE EU’S PAST AND CROATIA’S POTENTIAL

Since its inception in the wake of World War II, the EU has been continuously expanding—from six original members to a current collection of twenty-seven.<sup>16</sup> In its fifth expansion, the EU added ten new Member States in 2004 and completed its expansion in 2007 with two more—by far its largest

---

10. EUROPEAN COMMUNITIES, BUILDING UP CROATIA’S REAL ESTATE MARKET 2 (2004) [http://ec.europa.eu/enlargement/pdf/financial\\_assistance/cards/cases/022\\_en.pdf](http://ec.europa.eu/enlargement/pdf/financial_assistance/cards/cases/022_en.pdf) (last visited Jun. 10, 2008) [hereinafter BUILDING UP CROATIA’S REAL ESTATE MARKET].

11. REP. OF CROAT., STATE GEODIC ADMIN., MINISTRY OF JUSTICE, THE REAL PROPERTY REGISTRATION AND CADASTRE PROJECT PROJECT MID-TERM REVIEW 3 (2006), available at <http://www.uredjenazemlja.hr/UserFiles/File/Project%20Mid%20-Term%20Review.pdf> [hereinafter MID-TERM REVIEW].

12. *Id.*

13. EUR. COMM’N – ENLARGEMENT, *supra* note 8.

14. *See generally* MID-TERM REVIEW, *supra* note 11.

15. *Id.* at 5.

16. EUROPA – Accession Process, *supra* note 1.

expansion to date.<sup>17</sup> This most recent expansion pushed northward; eastward into republics and satellites formerly belonging to the Soviet bloc; and southward to include Slovenia, the first addition of six countries formerly belonging to the Socialist Federal Republic of Yugoslavia (“Yugoslavia”).<sup>18</sup>

To date, Slovenia remains the only former socialist Yugoslav republic in the EU.<sup>19</sup> With the introduction of the Stabilisation and Association Process (“SAP”) in 1999, the EU took the first step toward the addition of six Western Balkan countries: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Serbia, and Montenegro.<sup>20</sup> All but Albania are former Yugoslav states.<sup>21</sup> The SAP supports preparation for EU accession by combining three main elements: the Stabilisation and Association Agreements, autonomous trade measures, and ample financial assistance.<sup>22</sup> Despite the establishment of such an accession framework, each potential member may then adjust and implement those elements at its own pace.<sup>23</sup> Croatia is the only one of those six countries for which the European Commission has anything resembling a timetable; the Commission further expects the remaining nations to move toward EU membership only “once they are ready.”<sup>24</sup>

The Stabilisation and Association Agreement (“SAA”), which Croatia signed in late 2001 and took effect in early 2005,<sup>25</sup> followed the SAP. The SAA is the first comprehensive arrangement between the candidate country and the Member States of the EU.<sup>26</sup> This contract regulates relations between the applicant and the EU until the former has fully ascended to EU Member State status.<sup>27</sup> The SAA governs free trade, regional cooperation, and political dialogue between the applicant and the EU.<sup>28</sup> Furthermore, the SAA requires the applicant to implement national legislation approximately similar to the EU *acquis communautaire* (“acquis”), or the total accumulated body of EU community law.<sup>29</sup>

---

17. Europa: Activities of the European Union – Summaries of Legislation, *The 2004 Enlargement: The Challenge of a 25-member EU*, <http://europa.eu/scadplus/leg/en/lvb/e50017.htm> (last visited Jun. 10, 2008) [hereinafter *The 2004 Enlargement*].

18. *Id.*

19. *See id.*

20. EUR. COMM’N – ENLARGEMENT, *supra* note 8.

21. MSN Encarta – Yugoslavia, [http://encarta.msn.com/encyclopedia\\_761567145/Yugoslavia.html](http://encarta.msn.com/encyclopedia_761567145/Yugoslavia.html) (last visited Jun. 11, 2008).

22. EUR. COMM’N – ENLARGEMENT, *supra* note 8.

23. EUROPA – Overviews of the European Union activities – Consumers, [http://europa.eu/pol/enlarg/overview\\_en.htm](http://europa.eu/pol/enlarg/overview_en.htm) (last visited Jun. 10, 2008).

24. *Id.*

25. EUR. COMM’N – ENLARGEMENT, *supra* note 8.

26. *Id.*

27. *Id.*

28. *Id.*

29. *Id.*

Croatia formally applied for EU membership on February 21, 2003.<sup>30</sup> Under the 1993 EU Treaty, commonly referred to as the Maastricht Treaty, the EU conditions a candidate country's accession on its respect for "principles of liberty, democracy, human rights and fundamental freedoms, and the rule of law."<sup>31</sup> The Copenhagen Convention, an EU Member State summit convened the same year as the Maastricht Treaty, further explained those requirements as the requirements relate specifically to Central and Eastern European countries ("CEECs"), indicating:

[m]embership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union . . . [and the] ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.<sup>32</sup>

In April 2004, fourteen months following Croatia's application, the European Commission issued its opinion on Croatia's status as a candidate.<sup>33</sup> While it noted Croatia was a functioning democracy and "could be regarded as a functioning market economy," it indulged in a number of deficiencies.<sup>34</sup> The 2001 SAA set forth by the Commission requires Croatia to make over 400 different changes or reforms,<sup>35</sup> but the Commission's 2004 opinion specifically ranked among its highest priorities "minority rights, refugee returns, judiciary reform, regional co-operation and the fight against corruption."<sup>36</sup>

The "rule of law" principle mentioned in the first imperative of the Copenhagen criteria above refers namely to the domain of the courts.<sup>37</sup> The European Commission has repeatedly found severe crippling deficiencies within numerous realms of the Croatian judicial system—in 2002 (before

---

30. Eur. Comm'n – Opinion, *supra* note 2.

31. Treaty on European Union, Feb. 7, 1992, 1992 O.J. (C. 224) art. 49.

32. European Council in Copenhagen, Conclusions of the Presidency 13 (June 21-22, 1993), available at [http://ue.eu.int/ueDocs/cms\\_Data/docs/pressdata/en/ec/72921.pdf](http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/en/ec/72921.pdf). The Copenhagen Convention did not list these requirements in the above bulleted form, but these requirements are almost always listed as three distinct requirements within any other source. See, e.g., Eur. Comm'n – Opinion, *supra* note 2, at 3. The European Commission's Opinion further added CEEC candidates "must have a public administration capable of applying and managing EU laws in practice" as part of the third condition. EUROPA – Accession Process, *supra* note 1.

33. Eur. Comm'n - Enlargement, *supra* note 8.

34. *Id.*

35. Samardzija, *supra* note 6, at 7.

36. Eur. Comm'n – Opinion, *supra* note 2, at 97-98.

37. Tamara Capeta, Creating Interpretive Legal Culture in Eastern Europe 1 (2006).

Croatia's EU membership application),<sup>38</sup> 2004,<sup>39</sup> and 2006 (both since Croatia's application).<sup>40</sup> A more specific discussion of these shortcomings, including the progress of Croatia in addressing them, is forthcoming in Section IV.

The Commission cited numerous human rights issues to be addressed stemming from human rights violations during Croatia's war for independence from Yugoslavia from 1991 to 1995.<sup>41</sup> Specifically, hundreds of thousands of Croatian citizens, many of Serbian descent, had been displaced from their homes and had yet to return.<sup>42</sup> Backlog in the courts and delays with property registries prevented these refugees from returning to their homes.<sup>43</sup> Section V of this Note takes a closer look at this situation, along with the reforms Croatia is implementing to aid refugee return.

The Commission also took issue with the status of Croatia as a market economy.<sup>44</sup> The European Community Treaty places broad restrictions on limiting the free movement of goods, persons, services, and capital among EU members and third countries.<sup>45</sup> To align its market economy with the market economy of the *acquis*, the European Commission concluded Croatia needed to make "further efforts" toward EU standards for free movement of capital<sup>46</sup> and "considerable and sustained efforts" in the free movement of goods, persons, and services.<sup>47</sup> While it found direct investment to be unrestricted, save for some exceptions in disharmony with the *acquis*, the Commission noted inward investment by foreign residents and non-citizens was significantly handicapped by administrative restrictions and by Croatia's weak land registration system.<sup>48</sup> Only very recently, before the Commission issued its opinion, had the land registry begun its transition from handwritten logs to a computerized format.<sup>49</sup> This transformation is further evaluated in Section VI.

Finally, with regard to the ICTY, the Commission declared Croatia was fully cooperating with the Court's investigators in 2004,<sup>50</sup> though delays in locating war crimes suspect General Ante Gotovina led some international actors to accuse Croatia of dragging its feet or providing General Gotovina

38. COMMISSION STAFF WORKING PAPER: CROATIA – STABILISATION AND ASS'N REP. (2002), available at [http://www.southeasteurope.org/documents/EC\\_Report\\_HR.pdf](http://www.southeasteurope.org/documents/EC_Report_HR.pdf) [hereinafter STABILISATION AND ASS'N REP.].

39. EUR. COMM'N – OPINION, *supra* note 2, at 17.

40. COUNCIL OF THE EUROPEAN UNION, Council Decision 2006 O.J. (L 55) 30 [hereinafter "2006 Council Decision"].

41. EUR. COMM'N – OPINION, *supra* note 2, at 22.

42. *Id.*

43. *Id.*

44. See generally *id.* at 43-53.

45. See European Community Treaty, Mar. 25, 1957, arts. 23-31, 39-60.

46. EUR. COMM'N – OPINION, *supra* note 2, at 53.

47. *Id.* at 47-51.

48. *Id.* at 52.

49. *Id.* at 13.

50. *Id.* at 24.

sanctuary.<sup>51</sup> To emphasize the importance of this point, the EU intentionally delayed negotiations with Croatia in early 2005.<sup>52</sup> The credibility of Croatia received a boost when General Gotovina was located in Madrid later that year, affirming he was outside the reach of Croatian officials all along.<sup>53</sup> Following his arrest and extradition to The Hague, Daniel Fried, the Assistant Secretary of State for European and Eurasian affairs, proclaimed “no obstacles [and] no roadblocks” lingered for Croatia’s accession to the EU or other Euro-Atlantic institutions.<sup>54</sup> Thus, cooperation with the ICTY no longer remains a major point of contention between the parties, and is thus the only major shortcoming cited by the Commission which will not be addressed in this Note.

### III. THE PAST AND PRESENT STATE OF CROATIA’S REAL PROPERTY SYSTEM

Croatia’s real property system belongs in the vein of the Austrian-Hungarian tradition, a parcel-based registration system relying on a physical land survey, or cadastral system.<sup>55</sup> The municipal courts of Croatia maintain the land register, and a party may only obtain legal rights in land through registration.<sup>56</sup> From a transactional standpoint, entry into the register serves the delivery function.<sup>57</sup> The register also serves a publicity function, thus providing protection for good faith, bona fide purchasers.<sup>58</sup> Rights are determined by application to the court.<sup>59</sup>

#### A. *To Register or Not to Register*

Why bother to opt for a property registration scheme in the first place? The United States is one of few nations with no registration system, as numerous attempts to implement anything of that sort have invariably failed.<sup>60</sup>

---

51. *EU Delays Croatia Talks over War Suspect*, CNN.COM, Mar. 16, 2005, <http://edition.cnn.com/2005/WORLD/europe/03/16/croatia.eu/index.html>.

52. *Id.*

53. *Croatian War Suspect Flown to Hague*, CNN.COM, Dec. 12, 2005, <http://www.cnn.com/2005/WORLD/europe/12/10/croatia.suspect/index.html>.

54. U.S. DEP’T OF STATE, RELATIONS BETWEEN CROATIA AND THE UNITED STATES, Interview by Damir Hainski with Daniel Fried, Assistant Secretary of European and Eurasian Affairs, available at <http://www.state.gov/p/eur/rls/rm/74038.htm> (last visited Jun. 10, 2008).

55. Mario Blazevic, Harmonization of Land Registry and Cadastre in Croatia, Presentation at the Council of the International Federation of Surveyors (FIG) XXIII Congress, Oct. 8-13, 2006, available at [http://www.fig.net/pub/fig2006/papers/ts85/ts85\\_05\\_blazevic\\_0565.pdf](http://www.fig.net/pub/fig2006/papers/ts85/ts85_05_blazevic_0565.pdf). Mr. Blazevic is an engineer for IGEA, a firm contracted to help harmonize Croatia’s land register and cadastre. *Id.*

56. THE WORKING PARTY ON LAND ADMIN., STUDY ON KEY ASPECTS OF LAND REGISTRATION AND CADASTRAL LEGISLATION, PART 2 17 (2000) [hereinafter “Land Study Pt. 2”].

57. *Id.* at 36.

58. MID-TERM REVIEW, *supra* note 11.

59. Land Study Pt. 2, *supra* note 56, at 96.

60. John L. McCormack, *Torrens and Recording: Land Title Assurance in the Computer Age*, 18 WM. MITCHELL L. REV. 61, 63 (1992). “The Torrens system [of property registration] is

The failure of such a registration system in favor of an alternate recording system is blamed on the initial high cost of registration as well as pressure asserted by the title assurance industry.<sup>61</sup> But, again, the United States is an anomaly in the context of title recording.<sup>62</sup>

Land title registration carries with it a smorgasbord of benefits, especially for states struggling to establish themselves economically.<sup>63</sup> A properly maintained cadastre clearly defines the borders of a parcel, while an updated register publicizes the correlative ownership rights.<sup>64</sup> Napoleon even used the system of property mapping and registering to finance his wars in Europe.<sup>65</sup>

While governments originally developed property rights to raise tax revenue, they have proven beneficial for entrepreneurship as well.<sup>66</sup> An efficient property registration system reduces transaction costs and maintains the formality and official status of titles, especially beneficial to entrepreneurial business.<sup>67</sup> Registered property can be used as collateral in allowing entrepreneurs to obtain mortgages or loans to begin or expand businesses.<sup>68</sup> According to the World Bank, “[l]and and buildings account for between half and three-quarters of country wealth in most economies.”<sup>69</sup> Likewise, registration of property titling “significantly increases land values or investment.”<sup>70</sup> The World Bank has further found property registration is twice as efficient in wealthier nations than in poorer ones.<sup>71</sup>

The World Bank also warned against disorganized registration systems;<sup>72</sup> hindrances on registering property tends to cause property markets to function inefficiently, especially harming entrepreneurs and hampering business generally.<sup>73</sup> “Unregistered property limits the financing opportunities for new businesses and expansion opportunities for existing ones.”<sup>74</sup> These obstacles function as a deterrent to property owners, buyers, and sellers, who may then elect to exchange property titles “informally,” or on the black market without

---

used to a substantial extent today in only five states: Hawaii, Illinois, Massachusetts, Minnesota, and Ohio. In Hawaii and Massachusetts, Torrens is used statewide. In the other states, use is limited to a few localities.” *Id.* at 73.

61. *Id.* at 64.

62. *Id.* at 63.

63. See THE WORLD BANK GROUP, DOING BUSINESS IN 2005 – REMOVING OBSTACLES TO GROWTH, 38, 39 (2005) [hereinafter REGISTERING PROPERTY].

64. See *id.* In the terms of the World Bank, “[p]roperty registries record legal ownership, and the cadastre records physical characteristics and identifies boundaries.” *Id.* at 36.

65. *Id.* at 33.

66. The World Bank Group, Doing Business 2008 – Croatia, 23 (2008), available at <http://www.doingbusiness.org/Documents/CountryProfiles/HRV.pdf> (last visited Jun. 10, 2008) [hereinafter Doing Business 2008 – Croatia].

67. *Id.*

68. REGISTERING PROPERTY, *supra* note 63, at 33.

69. *Id.*

70. *Id.*

71. *Id.* at 36.

72. See generally *id.* at 33-40.

73. *Id.* at 33-34.

74. *Id.*

reporting such transfers.<sup>75</sup> The poor condition and lack of maintenance of the handwritten land register provides little security to owners, allowing once-registered property to go unregistered following the next transaction.<sup>76</sup> Furthermore, a separate land register and cadastre can lead to conflicting land records regarding a single piece of property.<sup>77</sup> A property registration system must run like a well-oiled machine if an economy hopes to benefit from prospective local business.

### *B. Croatia's Land Register & Cadastre*

Registering property in Croatia involves five steps, the first four of which are rather mundane.<sup>78</sup> First, one must obtain a land registry extract from the relevant land register court.<sup>79</sup> This involves some due diligence on the part of the buyer to ensure there are no hindrances on the title, which the World Bank assumes to take only one day in Croatia—in some circumstances, a rather generous estimate.<sup>80</sup> The second procedure requires notarization of the sales contract, requiring another one to two days.<sup>81</sup> Step three involves submission of the sale contract for tax purposes, adding thirty more days to the process.<sup>82</sup> The fourth step includes payment of taxes and registration fees, which can realistically be performed in a day.<sup>83</sup> Theoretically, the process completes with the fifth step of entering the property into the land register, thereby securing title for the buyer.<sup>84</sup> The registration backlog and consequential delays, however, have stymied the Croatian real estate market for quite some time.<sup>85</sup>

In 2005, Croatia found itself ranked dead last on a global scale when it came to the length of time necessary to register property.<sup>86</sup> With an average land registration period of 956 days, or over two and one-half years, the system in Croatia lagged nearly a year behind the second-to-last system of Haiti.<sup>87</sup> In other words, it took more than nine months longer to secure legal title to real

---

75. *See id.* at 33.

76. *Id.*

77. *See id.* at 36. In the terms of the World Bank, “[p]roperty registries record legal ownership, and the cadastre records physical characteristics and identifies boundaries.” *Id.*

78. THE WORLD BANK GROUP, *Doing Business, Registering Property in Croatia*, 1 (2008), available at <http://www.doingbusiness.org/ExploreTopics/RegisteringProperty/Details.aspx?economyid=52> (last visited Jun. 10, 2008) [hereinafter *Registering Property in Croatia*].

79. *Id.*

80. *Id.*

81. *Id.*

82. *Id.*

83. *Id.*

84. *Id.* at 4.

85. *Id.*

86. *See generally* The World Bank Group – *Doing Business*, <http://www.doingbusiness.org/CustomQuery/> (select “Registering property”; then “2005”; then click “Web Report.”) (last visited Jun. 11, 2008) [hereinafter *DOING BUSINESS 2005*].

87. *Id.* Haiti’s second-to-last land registration process averaged 683 days in 2005. *Id.*



property in Croatia than in any other country—and more than twice as long as every country but three.<sup>88</sup> In its 2005 survey for “Ease of Registering Property,” the World Bank’s evaluation of Croatia placed the country well below the international median,<sup>89</sup> despite the fact Croatia placed near the average for developed nations in the remaining categories.<sup>90</sup> This finding suggests Croatia’s deficiencies were not a result of the registration concept itself, but rather in the time and manner necessary to complete the actual process.

Within Europe and Central Asia, the gap in time to register property between Croatia and more geographically analogous countries jumped even more.<sup>91</sup> Second from the bottom in this group, Slovenia, required nearly a third of the time to complete the process.<sup>92</sup> This is a particularly noteworthy result given Slovenia is also a former Yugoslavian republic, seceded from Yugoslavia at the same time as Croatia and, perhaps most significant, has been an EU member since 2004.<sup>93</sup>

The pitfalls of the land register and cadastre of Croatia are nothing new. “In some cases, [Croatian land] parcel maps date back to 1905, and few have been updated since the nationalization [into Yugoslavia] in 1945. . . . As in many other countries of Central and Eastern Europe, property registration and cadastre systems were poorly maintained [through privatization in the 1990s].”<sup>94</sup> Disorganized records during the communist era and increasing registration petitions since privatization in 1992 directly contributed to this administrative bottleneck.<sup>95</sup> The land register records were still hand-written

88. *Id.*

89. Croatia’s overall 2005 rank for “Ease of Registering Property” was 109th of 175 countries. REGISTERING PROPERTY, *supra* note 63, at 35. “The ease of registering property is a simple average of country rankings by the number of procedures, time, and cost, where higher values indicate more efficient property registration.” *Id.*

90. Croatia required five procedures, costing 5.0% of the property value. DOING BUSINESS 2005, *supra* note 86. The 2005 OECD average was 4.7 procedures, at a cost of 4.3% of the property value. *Id.* The OECD is a collective of thirty developed nations “sharing a commitment to democratic government and the market economy.” Organization for Economic Cooperation and Development, *About OECD*, [http://www.oecd.org/about/0,2337,en\\_2649\\_201185\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/about/0,2337,en_2649_201185_1_1_1_1_1,00.html) (last visited Jan. 28 2007).

91. The World Bank Group – Doing Business, [http://www.doingbusiness.org/CustomQuery/\(select “selected economies”; then select “Europe & Central Asia” and “High-income OECD”; then select “2005”; then click “Web Report.”](http://www.doingbusiness.org/CustomQuery/(select%20selected%20economies);then%20select%20Europe%20&%20Central%20Asia;and%20High-income%20OECD;then%20select%202005;then%20click%20Web%20Report.) (last visited Jun. 11, 2008).

92. *Id.* Even though selecting “High-income OECD” will include countries not within Europe and Central Asia, such as the United States, this is the only way to include core European countries such as Germany or France when isolating a particular geographical group of economies. *Id.* Merely selecting “Europe & Central Asia” will exclude countries such as these. *Id.* The geographically inapplicable countries do not skew the report’s results, but merely make the results slightly more numerous. *Id.*

93. *The 2004 Enlargement*, *supra* note 17.

94. *Id.*

95. Blazevic, *supra* note 55, at 3.

into the twenty-first century,<sup>96</sup> and the cadastre and land register were two separate entities run by two separate administrative agencies, requiring harmony between the agencies for real property rights to be complete.<sup>97</sup>

With its 2005 assessment of Croatia's economy, the World Bank noted full property rights are not effective until the registration is complete, even though the official date of ownership on record is the date the registration application was filed.<sup>98</sup> Thus, in practice, a new purchaser of property is considered the owner once he applies for registration and as the application is being processed, even though his ownership has no legal effect until the registration is complete.<sup>99</sup> While this new quasi-owner/registration applicant has the right to dispose of the property to a third person (a second buyer), there is a risk the registration of the first buyer might be blocked or impeded for some reason arising after the second conveyance.<sup>100</sup> As a result, the first buyer would be liable for damages to the second buyer, because the property system seeks to protect the bona fide purchaser.<sup>101</sup> The ensuing litigation not only complicates matters for these purchasers and this particular parcel, essentially encumbering it as temporarily inalienable, but also adds yet another case on the local court's already crowded docket.

In April 2002, after the signing of the Stabilisation and Association Agreement, but before Croatia's formal application for EU membership, the European Commission commented on the severe deficiencies in the Croatian land registry system of the day.<sup>102</sup> In particular, the Commission noted in its Stabilisation and Association Report Croatia "still maintains restrictions on the acquisition of real estate by foreigners, including foreign companies," including establishment of businesses and acquisition of various permits.<sup>103</sup> While the World Bank found four-fifths of countries limit foreign ownership of land, including outright bans in some countries,<sup>104</sup> Croatia is obligated to lay these restrictions to rest if it hopes to become a member of the EU.<sup>105</sup> The European Court of Justice was clear in 1989 when it held real property to be a "corollary of freedom of establishment," thus requiring reciprocal acknowledgement or rights without restriction among member states under Article 44 of the EC

---

96. See REPUBLIC OF CROATIA, STATE GEODETIC ADMINISTRATION, MINISTRY OF JUSTICE, LAND REGISTRATION SYSTEM REFORM 8 (2006) [hereinafter LAND REGISTRATION SYSTEM REFORM].

97. RENEE GIOVARELLI & DAVID BLEDSOE, FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO), LAND REFORM IN EASTERN EUROPE WESTERN CIS, TRANSCAUCUSES, BALKANS, AND EU ACCESSION COUNTRIES (2001) [hereinafter FAO REPORT], available at <http://www.fao.org/DOCREP/007/AD878E/AD878E00.htm>.

98. THE WORLD BANK, DOING BUSINESS 2005, PROPERTY TITLING – CROATIA.

99. *Id.*

100. *Id.*

101. *Id.*

102. See STABILISATION AND ASS'N REP., *supra* note 38.

103. *Id.* at 22.

104. REGISTERING PROPERTY, *supra* note 63, at 37.

105. See Capeta, *supra* note 37, at 7-8.

Treaty.<sup>106</sup> In its 2002 Report, the Commission further noted the SAA requires alignment with these provisions within four years of the date the SAA became effective, which was 2005.<sup>107</sup> Croatia thus has until 2009 to modify its real property laws, update its registry, and completely liberalize property rights.<sup>108</sup>

### C. Croatia's Property Reform in a Global Context

The 2005 World Bank survey on registering property reported numerous countries were reforming their property registration systems.<sup>109</sup> This included rich and poor countries alike, from all reaches of the globe.<sup>110</sup> "Many countries are embracing new technologies in property registration. One in three have made registration electronic in the last five years, with rich countries leading the way."<sup>111</sup> The World Bank found introduction of technology in the property registration process to reduce time of registration by nearly two months, as well as entry into the cadastre by another thirty-eight days.<sup>112</sup> In another recommendation, the World Bank singled out Croatia (and neighboring Slovenia) among its 175 subjects: "Countries like Croatia and Slovenia, where the property registry is in the courts and accounts for over half of the case backlog, may consider as a priority reform merging the registry with the cadastre . . . ."<sup>113</sup> According to the World Bank, linking the two systems "[saves] time in due diligence and [improves] the security of property rights. . . . [C]ountries with unified agencies score significantly higher on the ease of registering property."<sup>114</sup>

By the time the World Bank released its 2005 report, much-needed land registration reform was well underway in Croatia.<sup>115</sup> Croatia acknowledged its struggles to maintain a functioning land registry and adequate property laws in 2002,<sup>116</sup> and the Ministry of Justice, which oversees the smaller agencies instituting the conversion to the updated system, issued a plan in 2003 to

106. Case C-305/87, *Comm'n of the Eur. Communities v. Hellenic Rep.*, 1989 E.C.R. I-01461, par. 22. Some exceptions may be made, for example, for agricultural property, nationally protected property, property with a national security interest, etc. *See, e.g.*, Case C-423/98, *Alfredo Albore v. Italy*, 2000 E.C.R. I-05965. However, such restrictions are only allowed if the restrictions are imputed on both domestic as well as foreign nationals. *See id.*

107. EUR. COMM'N – ENLARGEMENT, *supra* note 8. The SAA was signed in 2002, but implemented in 2005. *Id.*

108. *Id.*

109. REGISTERING PROPERTY, *supra* note 63, at 38.

110. *Id.*

111. *Id.*

112. *Id.*

113. *Id.*

114. *Id.*

115. *See generally* LAND REGISTRATION SYSTEM REFORM, *supra* note 96 (explaining the reform which had begun in 2003).

116. *See* REPUBLIC OF CROAT., MINISTRY OF JUSTICE, LOCAL, AND SELF GOV'T, THE REFORM OF THE SYSTEM OF JUSTICE (2002) [hereinafter REFORM OF JUSTICE].

reform its judiciary, land registry, and cadastre offices.<sup>117</sup> Within the 2003 plan was a proposal to hire more part-time Land and Cadastre officials, over 440 of whom had already been hired at the time the plan was formally released, in an effort to reduce or solve the national total of over 292,000 backlogged land register and cadastre claims.<sup>118</sup>

The judicial reform called for both an administrative and a technological reform.<sup>119</sup> In reforming its justice system into a unified computerized scheme, the purpose was to meet the international legal standards of the Information and Communications Technology applications, set forth by the European Community.<sup>120</sup> For Croatia to reach the *minimal* levels of those standards, it determined it would be necessary to reengineer the land registry and the land cadastre systems, as well as the justice and commercial court systems, making them digital and internet-ready as immediately as possible.<sup>121</sup> The Commission also suggested a computerized network should link the two systems.<sup>122</sup>

The effort to overhaul Croatia's land registry and cadastre and unify them into a single database initiated in early 2003.<sup>123</sup> The Real Property Registration and Cadastre Project ("Project"), largely funded by grants from the World Bank and EU (in addition to funds from Croatia itself),<sup>124</sup> encompasses four components and is expected to last into 2009.<sup>125</sup> In a nutshell,

[t]he objective of the proposed project is to build an efficient land administration system with the purpose of contributing to the development of efficient real property markets. This will be achieved by addressing aspects of the supporting infrastructure, especially the real property registration system in the municipal courts [and] the cadastre system that is operated by the State Geodetic Administration . . . .<sup>126</sup>

Though Croatia expects the Project, or the main startup of the registration update process focusing on selected rural and urban areas, to be complete by

---

117. See REPUBLIC OF CROAT., MINISTRY OF JUSTICE, LOCAL, AND SELF GOV'T, OPERATIONAL PLAN FOR THE IMPLEMENTATION OF THE JUSTICE REFORM (2003) [hereinafter OPERATIONAL PLAN]. Since the computerization of the land register and cadastre has coincided with or paralleled the computerization of the commercial courts and agencies, the two are often discussed in conjunction with one another. See generally *id.*

118. *Id.* at 10.

119. *Id.* at 11.

120. *Id.* at 14.

121. *Id.* at 17.

122. EUROPEAN COMM'N – OPINION, *supra* note 2, at 13.

123. MID-TERM REVIEW *supra* note 11, at 5.

124. *Id.*

125. *Id.*

126. REP. OF CROAT., MINISTRY OF JUSTICE, STATE GEODETIC ADMINISTRATION, REAL PROPERTY REGISTRATION AND CADASTRE PROJECT, <http://www.uredjenazemlja.hr/projekt.do> (last visited Jul. 17, 2008).

2008, the full switchover, covering the entire landscape of the country, will likely take upwards of fifteen years.<sup>127</sup> The harmonization process within the newly created Land Database works on a per-parcel basis and requires roughly two years per parcel—from the preliminary planning to the entry and verification.<sup>128</sup>

The first element of the Project, Component A, concentrates on the development of the land registration system.<sup>129</sup> Its basic objective is to “[a]dvance institutional capacity of the Ministry of Justice and 109 land registries within municipal courts for implementing an efficient real property registration system characterized by a predictable transaction timeframe and the reduction of transaction costs.”<sup>130</sup> Another primary feature of this initial prong is to reduce backlogs within the registries, performed by implementing an improved administration, information technology, and establishing a new Registration Management System within the Ministry of Justice for monitoring land registrations.<sup>131</sup> Implementing Component A includes introducing new technology and transcribing the old, crumbling register into the new digitalized system, hiring new staff, and training new and old staff members.<sup>132</sup> This Component seeks to secure property rights within the system.<sup>133</sup>

Component B of the Project focuses on the cadastre and is broken into four subcomponents.<sup>134</sup> Specifically, the goal of B1 is a “new, integrated cadastre system,” including introduction of new information technology to the current cadastre maps.<sup>135</sup> Additionally included is the goal to create customer friendly “help-desks.”<sup>136</sup> Components B2 and B4 are oriented toward a new “Multipurpose Spatial Data System” for use in land planning, whereas Component B3 is for “maritime domain registration” of Croatia’s long coastline and scattered islands of the Adriatic Sea.<sup>137</sup>

Component C is for “institutional cooperation and information technology,” or, more simply, harmonization between the land register and the cadastre so the unified system reflects the actual situation in the field.<sup>138</sup> This is where the proverbial rubber meets the road. Contractors of the government will perform new surveys, including aerial photography, and update the cadastre accordingly.<sup>139</sup> Meanwhile, the government will work to ensure registration reflects actual ownership and actual ownership is aligned with the correct

127. *Id.*

128. *See* Blazevic, *supra* note 55, at 6-11.

129. MID-TERM REVIEW, *supra* note 11, at 8.

130. *Id.* at 9.

131. *Id.*

132. *Id.*

133. *Id.*

134. *Id.* at 10.

135. *Id.*

136. *Id.*

137. *Id.* at 11.

138. *Id.* at 12.

139. *See id.*

boundaries as determined by the new surveys.<sup>140</sup> Finally, the Geodetic Administration and Ministry of Justice will launch a unified, electronic system, linking first the cadastre with the register and, eventually, both with the right owner.<sup>141</sup> The final piece of Component C includes a publicity campaign including distribution of manuals making it easier to challenge disputed land.<sup>142</sup> The publication of an electronic land register is also intended to serve this function.<sup>143</sup>

The fourth and final Component includes “project management, training and implementation of research and activities directed at achieving the sustainability of Components A, B and C.”<sup>144</sup> Thus, Component D involves more maintenance, administrative, and human resources capabilities geared toward “comprehensive removal of obstacles to the development of an efficient real property and cadastre registration infrastructure,” with the intended goal of stabilizing the real estate market.<sup>145</sup> Publicity, public information, and customer service feedback play a larger role in this final leg than in Component C.<sup>146</sup> “Awareness of real property rights and registration requirements” is the stated goal of this Component, to better “incite participation as well as awareness of the importance of the real property registration . . . [through] project monitoring, evaluation, [and] reporting.”<sup>147</sup> This public awareness campaign also seeks to build trust in the real estate system, and thus stimulate investment in the process—benefiting both the economy of Croatia as well as its desire to catch up with the market standards of the EU.<sup>148</sup>

Toward the end of 2003, Croatia released a governmental mandate for the upcoming four years in hopes of speeding (or initiating) negotiations with the EU, which at that time had not yet formally begun.<sup>149</sup> This governmental mandate further pushed the importance of a reworked land registration system, only this time in the explicit context of the EU rather than in a judicial context, indicating “[l]egal security in real estate trade is a prerequisite for stable economic development, investment and entry into the European Union.”<sup>150</sup> The

140. *Id.*

141. *See id.*

142. *See id.*

143. *See id.*

144. *See id.* at 13.

145. *Id.*

146. *Id.*

147. REP. OF CROAT., MINISTRY OF JUSTICE, STATE GEODETIC ADMINISTRATION, COMPONENT D – PROJECT MANAGEMENT, TRAINING, AND MONITORING, <http://www.uredjenazemlja.hr/projekt.do> (last visited Jul. 17, 2008).

148. BUILDING UP CROATIA’S REAL ESTATE MARKET, *supra* note 10.

149. *See* REP. OF CROAT., THE PROGRAM OF THE GOVERNMENT OF THE REPUBLIC OF CROATIA FOR THE 2003 – 2007 MANDATE 2, *available at* [http://vlada.hr/en/preuzimanja/publikacije/program\\_vlade\\_republike\\_hrvatske\\_u\\_mandatnom\\_r\\_azdoblju\\_2003\\_2007](http://vlada.hr/en/preuzimanja/publikacije/program_vlade_republike_hrvatske_u_mandatnom_r_azdoblju_2003_2007) (last visited Jun. 11, 2008) [hereinafter MANDATE]. Negotiations between the EU and Croatia began in Oct. 2005. EUR. COMM’N – ENLARGEMENT, *supra* note 8.

150. MANDATE, *supra* note 149, at 19.

mandate announced “the government will modernise the cadastre and geodic system [and] launch a programme to bring the land registry into line with the cadastre and geodic register according to the standards of the European Union, with the aim of establishing an integrated system throughout the entire country.”<sup>151</sup>

#### *D. Charting Croatia's Progress*

In March 2005, the 3rd Croatian Congress on Cadastre, an international fair of geodesy, was held to gauge and discuss Croatia's progress.<sup>152</sup> The conference specifically stressed the need for a functioning digital land registry and cadastre as a requirement for joining the EU.<sup>153</sup> Organized by the Croatian Geodetic Society and attended by over 800 professionals and experts on cadastre, geoinformatics, and land management, the Congress addressed laws on state survey, real estate cadastre, and land registry and property rights.<sup>154</sup> In pooling their knowledge and experience, the Congress and its visitors discussed other methods used by different countries and attempted to discern how to expedite Croatia's reform.<sup>155</sup> The Congress proclaimed the first phase of establishing a real estate cadastre was complete, and Croatia had passed laws in furtherance of the Project's goals.<sup>156</sup> The Ministers of Justice and Agriculture attended to lend their support, easing initial general concerns that the relevant political actors lacked interest in the venture.<sup>157</sup> The conference was considered a great success by the International Federation of Surveyors, and Croatia gained international recognition that it was making serious strides toward perfecting its land registry and cadastre in hopes of aligning it with the land registry and cadastre of the other EU Member States.<sup>158</sup>

On May 13, 2005, Croatia finally accomplished one of the major feats of the Project.<sup>159</sup> The Ministry of Justice launched its internet land registry, allowing the availability of land registry data online for the first time in Croatian history.<sup>160</sup> Bearing in mind the backlog within the judicial system of

---

151. *Id.*

152. Andreas Dees, *3rd Croatian Congress on Cadastre and 2nd INTERGEO EAST Gathers about 800 participants*, INT'L FED'N OF SURVEYORS (Mar. 13, 2005), available at [http://www.fig.net/news/news\\_2005/croatia\\_intergeoeast\\_2005.htm](http://www.fig.net/news/news_2005/croatia_intergeoeast_2005.htm).

153. *Id.*

154. *Id.*

155. *Id.*

156. *Id.*

157. *Id.*

158. *Id.*

159. LAND REGISTRATION SYSTEM REFORM, *supra* note 96, at 11.

160. *Id.* The new, digital Croatian land register is available at [www.pravosudje.hr](http://www.pravosudje.hr). MID-TERM REVIEW, *supra* note 11, at 27. The cadastre is available at [www.katastar.hr](http://www.katastar.hr). Real Property Registration and Cadastre Project Project Implementation Unit, *Report on Project Implementation for 2007*, 9 (2008), available at <http://www.uredjenazemlja.hr/dokumenti.do> (last visited Jun. 10, 2008) [hereinafter *Report on Project Implementation for 2007*].

land registry cases, the Ministry of Justice hoped to reduce the “great number of customers coming to land registries in order to establish their real property status.”<sup>161</sup> The land registry gives Croatian citizens peace of mind and allows them to place more trust in their government when they can glance online and view their name as associated with a particular parcel.<sup>162</sup> The government successfully launched the e-cadastre and linked it with the register later that year.<sup>163</sup> By successfully linking the cadastre and register through the internet, land registry or cadastre offices may now share information with one another, further expediting the process.<sup>164</sup> Furthermore, the system backs up all data on a national scale.<sup>165</sup> The more technologically advanced the system gets, the quicker the reduction of backlogs proceeds.<sup>166</sup> In addition, the new, digital land register stimulated immediate interest: in the seven-and-one-half months between its unveiling and the end of 2005, the site received nearly 21 million visits—or just under 90,000 hits *per day*.<sup>167</sup>

In February 2006, four months after formal negotiations finally began with the EU, Croatia held another conference—this time with its principal financiers of the nearly-€45 million Project.<sup>168</sup> This short list included the World Bank, which is underwriting more than half of the reform, as well as European Commission delegates, whose CARDS Programme (Community Assistance for Reconstruction, Development, and Stabilisation) contributes another quarter of the budget.<sup>169</sup> The 2006 Mid-term Review of the Real Property Registration and Cadastre Project was a comprehensive, up-to-date reflection initiated by the government and prime minister of Croatia.<sup>170</sup> Keeping in mind the objective of the Project was a new real property and cadastre system and improved real estate market, the conference touted that the

161. LAND REGISTRATION SYSTEM REFORM, *supra* note 96, at 11.

162. Press Release, The World Bank, Croatia Has Made Great Progress in Improving its Land Administration (2006), <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/0,,contentMDK:20823050~menuPK:258613~pagePK:2865106~piPK:2865128~theSitePK:258599,00.html> [hereinafter Press Release].

163. MID-TERM REVIEW, *supra* note 11, at 17.

164. Press Release, *supra* note 162.

165. *Id.*

166. *Id.*

167. See LAND REGISTRATION SYSTEM REFORM, *supra* note 96, at 13.

168. MID-TERM REVIEW, *supra* note 11, at 5.

169. *Id.* The CARDS Programme is aimed particularly at the return of refugees in Croatia, by means of “reconstruction, rehabilitation of public, social, and economic infrastructure, demining, and support to small and medium-sized enterprises.” European Commission – Enlargement – CARDS Programme – Croatia, [http://ec.europa.eu/enlargement/financial\\_assistance/cards/bilateral\\_cooperation/croatia\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/cards/bilateral_cooperation/croatia_en.htm) (last visited Jun. 11, 2008). CARDS is particularly invested in the Land Registration and Cadastre Project because “special attention is . . . being given to the restitution of property” in the CARDS Programme. *Id.*

170. MID-TERM REVIEW, *supra* note 11, at 3.



World Bank had given the Project its highest rating five months earlier.<sup>171</sup>

By the end of 2007, the Project was finally taking shape. In Croatia's latest evaluation of its reform, Croatia estimated nearly all (98.19%) of the total number of land registry files had been transcribed to digital format, and verification of those entries within the cadastre was nearing half (40.46%).<sup>172</sup> Land registry data digitalization or transcription had already been completed in 101 municipal court land registry offices, and verification with the cadastre had been completed in sixteen of those offices.<sup>173</sup> Even more importantly, 100% of the land registry files had been transcribed and nearly every file had been verified in the Municipal Civil Court of Zagreb, the nation's capital.<sup>174</sup>

The advancements by Croatia earned it international recognition by the World Bank at the beginning of 2008.<sup>175</sup> Thanks to its Real Property Registration and Cadastre Project, which coupled with other advancements to make it easier to obtain credit<sup>176</sup> and start a business,<sup>177</sup> the World Bank ranked Croatia as the second-best reforming country in the world in 2007.<sup>178</sup> This was the second consecutive year the World Bank placed Croatia's reforms near the top.<sup>179</sup> By digitizing the land registry, Croatia reduced the time need to register land from 956 days in 2005 to 174 days in 2007<sup>180</sup>—a reduction of greater than 70%.<sup>181</sup>

While Croatia has made great strides in cutting the time necessary to register property, there is still room for improvement. Croatia's "Ease of Registering Property" rank<sup>182</sup> with the World Bank jumped eight spots from 2007 to 2008,<sup>183</sup> but Croatia is still ranked 99th of 178 economies in that

171. Press Release, *supra* note 162.

172. *Report on Project Implementation for 2007*, *supra* note 160, at 9.

173. *Id.*

174. *Id.*

175. See THE WORLD BANK GROUP, DOING BUSINESS 2008 1 (2008), available at [http://www.doingbusiness.org/documents/FullReport/2008/DB08\\_Full\\_Report.pdf](http://www.doingbusiness.org/documents/FullReport/2008/DB08_Full_Report.pdf) (last visited Jun. 11, 2008) [hereinafter *Doing Business 2008*].

176. *Id.* at 2.

177. *Id.* The advancements for starting a business also included digitalization, namely computerization of business registration records. *Id.* at 13.

178. *Id.* at 2.

179. *Id.* at 1.

180. *Id.* at 2.

181. *Id.* at 27.

182. As the World Bank's judge of international business practices, "Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute." *Doing Business 2008 – Croatia*, *supra* note 66, at 23.

183. The World Bank Group, *Explore Economies, Doing Business in Croatia*, <http://www.doingbusiness.org/ExploreEconomies/?economyid=52> (last visited Jun. 11, 2008) [hereinafter *Explore Economies*]. Note the World Bank Reports reflect the previous year, so the 2008 Report reflects 2007 figures. There were no rankings for "Registering Property" in the 2006 Report, so 2007 Report figures are used. According to the 2007 figures, Croatia required 399 days to register property in 2006. *Doing Business 2008*, *supra* note 175, at 25.

category.<sup>184</sup> In 2007, the average number of days required for other countries in Croatia's region was roughly 92 days, or a little more than half as long as Croatia's figures.<sup>185</sup> The developed OECD nations averaged only four weeks to register property from application to final registration.<sup>186</sup>

The land registry offices in Croatia remain a part of the municipal courts, albeit with some independence.<sup>187</sup> One way to further reduce the backlog in Croatia might be to completely sever the land registry offices from the court system altogether. According to the World Bank, "[i]n countries where courts are involved in registering property, the process takes 70% longer on average."<sup>188</sup> The World Bank then notes the hindrance this has on the judiciary, taking time away from principal work of judges to resolve disputes.<sup>189</sup>

As the next section will demonstrate, complete removal of the land registry offices from the judicial system may "kill two birds with one stone," efficiently leading to a reduction of the gross judicial backlog as well.

#### IV. AID TO CROATIA'S OVERBURDENED AND OUTDATED JUDICIARY

For Croatia to recognize legal rights in real property, an owner must register his name with his respective parcel in the land register, which is part of the local municipal court.<sup>190</sup> Each court of EU Member States serves as a court for the EU.<sup>191</sup> While the court system of Croatia is not yet within that judicial ring, the EU expects Croatia to act as if it were as a precondition to EU membership.<sup>192</sup> Thus, a discussion of the judicial woes of Croatia is necessary to convey the interplay between the land register and Croatia's pending EU application.

##### A. *The Judicial Systems of the EU & Croatia*

The judicial branch maintains a strong and significant influence within the EU, as it must both harmonize and somewhat generalize the interpretation and application of law and policy regarding scores of increasingly diverse cultures.<sup>193</sup> This includes not only the few courts at the apex of the EU judiciary, but trickles down to the national and municipal courts within each respective member state.<sup>194</sup> As courts of the EU, national courts within EU

---

184. Explore Economies, *supra* note 183, at 1.

185. *Id.*

186. *Id.*

187. See *Report on Project Implementation for 2007*, *supra* note 160, at 8-9.

188. Explore Economies, *supra* note 183, at 28.

189. *Id.*

190. See Dunja Kuecking & Milivoje Zugic, LLRX, *The Croatian Legal System*, <http://www.llrx.com/features/croatia.htm> at 10.

191. Capeta, *supra* note 37, at 1.

192. See *id.* at 2.

193. See *id.* at 1.

194. *Id.*

member states are obliged to interpret both national and EU law in conformity, or not inconsistent, with EU interpretation to achieve a uniform body of community law, or the *acquis*.<sup>195</sup> This is called the “principle of direct effect”<sup>196</sup> and has been spelled out through the holdings and dicta of the European Court of Justice.<sup>197</sup> The proposition also stems from the loyalty clause of Article 10 of the EC Treaty, requiring each member state to facilitate the objectives of the Community.<sup>198</sup>

The duty of “conform interpretation” is only binding on EU Member States, and not on candidate countries like Croatia.<sup>199</sup> Nevertheless, conformance to the *acquis* requires an alignment of a candidate country’s legal system to the comprehensive body of EU law before accession—partly for the practical reason of uniformity of law, but also because deviations from Community law are easier to remedy before accession, while the EU still holds the bargaining chips, than after.<sup>200</sup> Thus, a given candidate country will have to adjust its legal system to align with the EU as a precursor to admission.<sup>201</sup> Law professor Tamara Capeta of Croatia’s University of Zagreb observes how seriously the EU regards this initial stepping-stone: “if a candidate state does not start with legal adjustments, the political credibility of its membership commitment will fade, both internally as well as towards the EU.”<sup>202</sup> This can be catastrophic, or at least counterproductive, for a candidate country such as Croatia.

Yet this adjustment has been one of the major Achilles’ heels for Croatia, and it spurs from a variety of sources.<sup>203</sup> The 2002 Stabilisation and Association Report by the European Commission, a pre-application assessment of a particular country upon which that country’s Stabilisation and Association Agreement to accession is based, termed the judiciary of Croatia as “one of the most problematic areas.”<sup>204</sup> The Report cited inappropriate political influence, a backlog of 1.2 million cases, poorly qualified court personnel and staff (including judges), a disorganized administration system, and lack of budgetary

195. *Id.*

196. *Id.* at 2.

197. See Case C-106/77, *Italian Finance Administration v. Simmenthal S.P.A.*, 1978 E.C.R. I-0629 (finding Community law prevails over prior and posterior national law); see also Case C-26/62, *Van Gend & Loos v. Netherlands Inland Revenue Administration*, 1963 E.C.R. I-003 (holding clear and precise provisions of Community law are directly applicable by authorities of Member States and create rights which national courts must protect); see also Case C-14/83, *Sabine von Colson and Elisabeth Kamann v. Land Nordrhein-Westfalen*, 1984 E.C.R. I-01891 (indicating national law, enacted prior or posterior to EU accession, must be interpreted in accordance with Community law).

198. Capeta, *supra* note 37, at 4.

199. *Id.* at 7.

200. *Id.* at 10.

201. *Id.* at 8.

202. *Id.*

203. See generally *STABILISATION AND ASS’N REP.*, *supra* note 38.

204. *Id.* at 6.

efficiency.<sup>205</sup> The Commission called for “radical and urgent” reform,<sup>206</sup> but the situation would only get worse before it got better.

Recognizing these problems as it applied for membership, Croatia attempted to address the issues in November 2002<sup>207</sup> and again in 2003.<sup>208</sup> The government went so far as to say it was

worried by the situation in the justice system . . . . The government is aware that the current situation in the overall justice system has a negative impact on the stability of the society, favours the stagnation of the economy and prolongs the intolerable political influence on the justice system. The Government is determined to implement a comprehensive and thorough reform of the justice system.<sup>209</sup>

Nevertheless, when the Commission released its formal opinion on the membership application of Croatia in 2004, the Commission acknowledged Croatia’s proposals, but remained skeptical, indicating “a number of measures have been announced recently, [but] . . . it remains to be seen what the real impact will be.”<sup>210</sup> On other proposals, the Commission reiterated “tangible results cannot be expected soon,” and “the time frame [of Croatia’s five-year plan, proposed in 2002, was] rather unrealistic.”<sup>211</sup>

The Commission’s 2004 opinion further pointed out “[i]n the second half of the 1990s, Croatia’s judicial system lacked independence and efficiency, and . . . major challenges remain to be addressed.”<sup>212</sup> Citing the increased backlog of what had by then grown to nearly 1.4 million cases (up 200,000 from two years earlier), as well as the manner or time in which lower courts execute the rulings of higher courts, the Commission concluded “[c]itizens’ rights are therefore not fully protected by the judiciary in accordance with the provisions of [Croatia’s] constitution.”<sup>213</sup> Elaborating on this inefficiency and the backlog caused as a result, the Commission determined “the biggest part of the backlog of cases within the Croatian judiciary is connected with registration cases and the enforcement of civil judgments.”<sup>214</sup>

As a result of its shortcomings in the judiciary, “[s]ince its accession in 1997, Croatia has been repeatedly sanctioned by the European Court of Human Rights (ECHR) for a variety of fair trial [and length of proceedings] violations

---

205. *Id.*

206. *Id.*

207. See REFORM OF JUSTICE, *supra* note 116.

208. See OPERATIONAL PLAN, *supra* note 117.

209. MANDATE, *supra* note 149, at 20.

210. EUR. COMM’N – OPINION, *supra* note 2, at 18.

211. *Id.* at 19.

212. *Id.* at 18.

213. *Id.*

214. *Id.* at 15.

that are widespread throughout its judicial system . . . .”<sup>215</sup> In 2007 alone, the ECHR issued thirty-one such judgments against Croatia for undue adjudicative delays, including a judgment finding a multi-year delay in returning private property granted by the state to third persons violated the owner’s right to property.<sup>216</sup> The ECHR also ruled the judicial and administrative remedies for repossession of property as inadequate.<sup>217</sup> The June 2007 Accession Partnership, based on the simultaneously-released Commission’s Progress Report on the accession of Croatia, again listed the reduction of the judicial case backlog and length of judicial proceedings among the top political priorities for Croatia to address.<sup>218</sup>

The flaws exemplified above include a widespread epidemic through a diverse range of the judicial sector;<sup>219</sup> consequently, a comprehensive reform of the judiciary (as well as substantive law) ranks among the top of Croatia’s priorities before it enters into the EU.<sup>220</sup> One potential issue is whether Croatia can even complete such a reform. Professor Capeta notes that while judicial interpretation aligned with EU law not only advances Croatia toward EU membership, but also empowers the judicial role within the Croatian political community, there is lingering uncertainty as to whether such judges can or are willing to break from their deeply ingrained habitual patterns of straightforward, formalistic application of codified law.<sup>221</sup> On the other hand, in 2003 an inter-political consensus already found EU membership would benefit Croatia, and popular approval of potential membership hovered around three-quarters from 2000 to 2003.<sup>222</sup>

Croatia has made progress in addressing the judicial ailments, though much still remains to be done.<sup>223</sup> While the judicial reform in Croatia could itself be a topic for another law review note or article, it is not the narrow issue to be addressed here. Rather, this Note turns at this junction toward the effects of one particular judicial reform: the updating and computerization of the records systems, including and especially the land register and cadastre.

215. ORG. FOR SECURITY AND CO-OPERATION IN EUR. MISSION TO CROATIA, Reforming the Judiciary, <http://www.osce.org/croatia/13396.html> (last visited Nov. 2, 2006).

216. COMM’N OF THE EUROPEAN CMTYS, Comm’n Staff Working Document, Croatia 2007 Progress Report, 10 (2007), available at [http://www.delhrv.cec.eu.int/images/article/File/croatia\\_progress\\_reports\\_en.pdf](http://www.delhrv.cec.eu.int/images/article/File/croatia_progress_reports_en.pdf) (last visited Jun. 11, 2008).

217. *Id.*

218. COMM’N OF THE EUROPEAN CMTYS, Proposal for a Council Decision on the Principles, Priorities and Conditions Contained in the Accession Partnership with Croatia and Repealing Decision 2006/145/EC, 6 (2007), available at [http://www.delhrv.cec.eu.int/images/article/File/croatia\\_accession\\_partnership\\_en.pdf](http://www.delhrv.cec.eu.int/images/article/File/croatia_accession_partnership_en.pdf) (last visited Feb. 8, 2006) [hereinafter 2007 Council Decision].

219. EUR COMM’N – OPINION, *supra* note 2, at 16.

220. STABILISATION AND ASS’N REP., *supra* note 38, at 13.

221. Capeta, *supra* note 37, at 15.

222. Samardzija, *supra* note 6, at 1.

223. EUR. COMM’N – OPINION, *supra* note 2, at 18.

### *B. Reducing the Judicial Backlog*

In its 2005 report on registering property, the World Bank offered its advice specifically to Croatia: "Much like new business registration, land registration is inherently an administrative, not adjudicative process, and does not require a judge's attention."<sup>224</sup> By then Croatia had already put the wheels in motion to heed this advice, as legislation passed a year earlier significantly eased the workload of the courts:

The Law on Amendments to the Land Registry Act (NN 100/04) stipulates that certified [land registry] clerks shall perform operations related to the land registration procedure independently. The transfer of authority over land registration procedures as well as the land registration decision-making process to certified land registration clerks have greatly unburdened land registry judges and increased the effectiveness of operations within land registries of municipal courts.<sup>225</sup>

In addition to providing legal training to the new land registry clerks, the education plan included drafting a certification exam as well.<sup>226</sup> Further education was to be provided to some 2000 or more employees among 109 offices.<sup>227</sup> In addition to legal and technical training, land register officials and administrative assistants are learning English, as well, perhaps in anticipation of (or to keep up with) increased foreign direct investment in the real property market.<sup>228</sup>

By the time of the Mid-Term Review, over fifty-five percent of the old register had been transcribed into electronic form.<sup>229</sup> Given that over fourteen and one-half million plots of land remained to be transcribed, the progress made was proclaimed a great success.<sup>230</sup> This was further evidenced by a thirty-seven percent reduction in backlogged claims from three years earlier, and a process that was accelerating on a national scale in settling such claims.<sup>231</sup>

However, transcribing the hand-written land register files is one thing, however; doing so accurately is quite another. As the World Bank bluntly noted, "[i]f paper records are inaccurate, putting them in a computer won't help."<sup>232</sup> That seems to be the next issue for the Project to deal with. As

---

224. REGISTERING PROPERTY, *supra* note 63, at 38.

225. LAND REGISTRATION SYSTEM REFORM, *supra* note 96, at 6.

226. MID-TERM REVIEW, *supra* note 11, at 14.

227. BUILDING UP CROATIA'S REAL ESTATE MARKET, *supra* note 10.

228. MID-TERM REVIEW, *supra* note 11, at 16.

229. LAND REGISTRATION SYSTEM REFORM, *supra* note 96, at 8.

230. Press Release, *supra* note 162.

231. *Id.* at 8.

232. REGISTERING PROPERTY, *supra* note 63, at 39.

mentioned in Section III of this Note, Croatia is in the process of verifying titles once they have been transcribed, though this process is proving to be painfully tedious and time-consuming.<sup>233</sup> While the land registry cases make up only a fraction of the backlog in the overall judicial system, Croatia's Ministry of Justice is implementing measures to reduce the land registry backlogs in individual courts.<sup>234</sup>

One such measure is a crackdown on careless or oblivious applicants.<sup>235</sup> Courts no longer accept incomplete or deficient applications, nor do they allow amendments to such applications; these applicants are instead shuffled to the back of the line.<sup>236</sup> The World Bank Group noted this more stringent practice has helped to alleviate the backlog within the courts.<sup>237</sup> By the end of 2007, the number of pending land registry cases in the municipal courts was 122,501, more than 2 ½ times lower than the backlog at the end of 2004;<sup>238</sup> despite the drastic reduction, the number of incoming land registry cases in 2007 increased by 39% over the 2004 figures.<sup>239</sup> The mere fact the land registry offices of Croatia were able to reduce the land registry backlog, despite a higher influx of cases, suggests Croatia is finally establishing a land registry system that is more efficient than ever. The Project is expected to be fully implemented by the end of September 2008.<sup>240</sup>

Despite the progress made, Croatia still lists the reduction of its judicial backlog as one of its top priorities, including within the land registry offices.<sup>241</sup>

While the new land registry database will ease the pressures of the judicial backlog, much work remains before the judiciary is up to par.<sup>242</sup> Before the reform began, land register and property claims cases accounted for roughly half of the backlog;<sup>243</sup> this means Croatia must determine how to reduce the other half. Additionally, other problems in the judicial system remain, including high turnover of judges, a severe lack of efficiency and independence, and a lack of respect for the decisions of higher courts.<sup>244</sup> While the Croatian judiciary is not yet bound to follow EU law, it will be obligated to do so once Croatia rises to EU member status.<sup>245</sup> As the World Bank pointed

233. See E-mail from Professor Tatjana Josipovic, Professor of Law, University of Zagreb, to Kalin Schlueter, law student, Indiana University—Indianapolis (Jan. 16, 2007, 03:02:31 EST) (on file with author). Professor Josipovic noted the “[p]roblem is that most of [the] entries are still not accurate.” *Id.*

234. *Report on Project Implementation for 2007*, *supra* note 160, at 11.

235. Registering Property in Croatia, *supra* note 78, at 3.

236. *Id.*

237. *Id.*

238. *Report on Project Implementation for 2007*, *supra* note 160, at 11.

239. *Id.*

240. *Id.* at 5.

241. *Id.* at 21.

242. See 2006 Council Decision, *supra* note 40, at 32.

243. *Id.* at 21.

244. See EUR. COMM’N – OPINION, *supra* note 2, at 18.

245. See Capeta, *supra* note 37, at 2-3.

out in September of 2006, “[a] sluggish judiciary continues to be the biggest problem, even though the most praise went to the computerization of land registers.”<sup>246</sup> Thus, reforming the real property system can only do so much for the exceedingly troubled judiciary. Nevertheless, the reform has not only greatly benefited the judicial system, but has also played a key role in easing political, economical, and human rights tensions in Croatia, as will be seen in the following sections.

## V. TYING REAL PROPERTY LAWS TO HUMAN RIGHTS VIOLATIONS

To understand why the real property system of Croatia was, and is, in complete disarray, one must consider the relatively recent emersion of Croatia from a socialist regime where nearly all property belonged to the state.<sup>247</sup> This issue splits into two equally significant yet inherently intertwined sub-issues: a half-century of totalitarian state ownership,<sup>248</sup> and a mass displacement of several different ethnic factions during both the socialist era of Yugoslavia<sup>249</sup> as well as the years following Croatia’s 1991 declaration of independence.<sup>250</sup>

### A. Ethnic Lines, Both Territorial and Ideological

Croatia’s ties to Yugoslavia nearly predate the rise of communism in Central and Eastern Europe.<sup>251</sup> Following World War I, and until World War II, Croatia was a part of the Kingdom of Yugoslavia, for the most part a dictatorial monarchy.<sup>252</sup> Nevertheless, the Kingdom of Yugoslavia guaranteed property rights.<sup>253</sup> During World War II, Germany and Italy occupied Croatia and much of the Kingdom of Yugoslavia, declared Croatia an independent state, and installed a fascist Italian dictator.<sup>254</sup> A series of ethnic cleansings of Serbs, Jews, and anti-fascist Croats turned the political tide in Croatia completely away from fascism, and in 1945 the People’s Republic of Croatia

246. The World Bank, *World Bank Study on Doing Business in Individual Countries, Croatia Far From Its European Competitors*, (Sept. 7, 2006), <http://www.worldbank.hr/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/CROATIAEXTN/0,,contentMDK:21044096~pagePK:141137~piPK:141127~theSitePK:301245,00.html> [hereinafter *Croatia Far From Its European Competitors*].

247. See Branko M. Peselj, *International Aspect of the Recent Yugoslav Nationalization Law*, 53 AM. J. INT’L L. 428, 428-29 (1959).

248. MSN Encarta, *supra* note 21.

249. Peselj, *supra* note 247, at 428-29.

250. ORG. FOR SEC. AND CO-OPERATION IN EUR., MISSION TO CROAT., STATUS REPORT NO. 15 ON CROATIA’S PROGRESS IN MEETING INTERNATIONAL COMMITMENTS SINCE JULY 2004, Nov. 21, 2004, available at [http://www.osce.org/documents/mc/2004/11/3828\\_en.pdf](http://www.osce.org/documents/mc/2004/11/3828_en.pdf) [hereinafter MISSION TO CROAT.].

251. *History and Homeland War*, <http://www.hr/croatia/history> (last visited Jun. 11, 2008).

252. MSN Encarta, *supra* note 21.

253. THE CONST. OF THE KINGDOM OF YUGOSLAVIA art. 22.

254. MSN Encarta – CROATIA, [http://encarta.msn.com/encyclopedia\\_761577939/Croatia.html](http://encarta.msn.com/encyclopedia_761577939/Croatia.html) (last visited Jun. 11, 2007).



became one of six republics to compose the Socialist Federal Republic of Yugoslavia ("Yugoslavia").<sup>255</sup>

As is common with socialist republics, real property rights were abolished under Yugoslav rule.<sup>256</sup> In the 1950s, one professor noted the main purpose of nationalizing all buildings with more than two apartments, as explained by Yugoslav officials, was to "eliminate the last traces of the capitalist economy."<sup>257</sup> Private ownership of registered property was abrogated by this law, and although the owners were deprived of their property immediately, they were not compensated until their lots were actually taken into possession, and often in a much weaker manner.<sup>258</sup>

Forfeiture of real property might have been the least of some citizens' worries. The condemnation process was often merely an instrument in a greater scheme to purge the countryside of ethnic groups now unwelcome in their own backyards.<sup>259</sup>

[Property laws were] critical, particularly in refugee flows where genocide and ethnic cleansing has been involved. Property laws can be used as a key instrument in ethnic cleansing. By first forcing people to flee for their lives and then passing laws which designate the property left behind as abandoned, in effect, properties are expropriated without compensation. When these same properties are then turned over to members of one's own ethnic group who have fled the territory of the other side, or if displaced people from the other side simply move into vacated properties, squatter's rights for these homeless people now complicate the legal issues involved in obtaining the property back following a peace agreement.<sup>260</sup>

This continued for decades until Croatia, along with Slovenia, declared its independence from Yugoslavia in 1991.<sup>261</sup> Croatia soon found itself at war with the remaining republics of Serbia and Montenegro, which wished to keep the dissolving Yugoslavia together.<sup>262</sup>

Attacks within Croatia's own borders exacerbated its War for

255. *Id.*

256. Howard Adelman, Unpublished Bosnia book, <http://www.yorku.ca/crs/Publications/OCEP%20PDFs/H%20A%20Property%20Laws.PDF> (last visited Jun. 11, 2008).

257. Peselj, *supra* note 247, at 429.

258. *Id.*

259. Adelman, *supra* note 256.

260. *Id.*

261. MSN Encarta, *supra* note 21. It is worth mentioning the only two republics to secede from communist Yugoslavia are the only two of Yugoslavia's six former republics to either have gained EU Member State status or be making a noteworthy effort towards it. *Id.*

262. MSN Encarta, *supra* note 254.

Independence. Despite the genocides and displacements which had been commonplace for nearly a half-century, a significant portion of the Croatian population remained of Serbian descent.<sup>263</sup> The majority of these Serbs revolted, and Croatia soon found itself in a four-year battle for independence coming from outside and within its borders.<sup>264</sup> Although Croatia gained international recognition as an independent state on January 15, 1992,<sup>265</sup> the war persisted for another three years.<sup>266</sup> The result was hundreds of thousands of displaced refugees, of both Serbian and Croatian descents.<sup>267</sup> As recently as November of 2004,

more than 200,000 Croatian Serbs [Croatian citizens of Serbian descent] were still displaced in Serbia and Montenegro and Bosnia and Herzegovina. According to a report commissioned by the [Organization for Security and Co-operation in Europe], . . . 14 per cent [sic] of the interviewed sample of Croatian Serb refugees [roughly 28,000] abroad manifested a certain intention to return to Croatia in the coming years.<sup>268</sup>

On Croatia's side, the war also resulted in indictments of numerous Croatian military officers for war crimes by the UN International Criminal Tribunal of the former Yugoslavia (ICTY), including General Gotovina.<sup>269</sup> Relations between displaced Croatian Serbs and Croats remained tense for years following the war's conclusion, with many in Croatia denying the displaced Serbs any right to return.<sup>270</sup>

Following a 2001 study of real property throughout the European margins, the United Nations' Food and Agriculture Organization ("FAO") reported "[o]ngoing war and political instability have left Croatia's economy and land market on rocky ground and, even by 1999, the Croatian population was still subject to serious human rights violations."<sup>271</sup> As a result of the conflict, many Serbs remain displaced either internally or beyond Croatia's borders.<sup>272</sup> A number of minority Serbs have either been unable to or have had

---

263. *Id.*

264. *Id.*

265. Kuecking & Milivoje, *supra* note 190, at 1.

266. *Id.*

267. *Id.*

268. MISSION TO CROAT., *supra* note 250 (emphasis in original).

269. MSN Encarta, *supra* note 21.

270. FOR THE RECORD 1998: THE UN HUMAN RIGHTS SYSTEM, CROATIA—COMM'N ON HUMAN RIGHTS, <http://www.hri.ca/forthereCORD1998/vol5/croatiachr.htm> (last visited Oct. 11, 2006).

271. FAO REPORT, *supra* note 97.

272. HUMAN RIGHTS WATCH, INT'L, *Croatia, Second Class Citizens: The Serbs of Croatia*, 11(3)(d) (1999), available at <http://www.hrw.org/reports/1999/croatia>.

difficulties with reclaiming their pre-war land or homes,<sup>273</sup> despite the 1991 Croatian Constitution's guarantee of property rights<sup>274</sup> and rights to equal treatment for both citizens<sup>275</sup> and foreigners.<sup>276</sup> Croatia also constitutionally guarantees freedoms of choice of residence, movement, departure from, and reentry into Croatia.<sup>277</sup>

The most Croatia would do to comply with international human rights laws around the turn of the century, however, was enact lame duck laws.<sup>278</sup> The FAO found "[c]ommissions [had] recently been established to facilitate the redistribution of land and property to pre-war owners, but in practice these commissions [did] little to remove the majority Croats from the property."<sup>279</sup> Furthermore, Croatia enacted a law in 1995 permitting the government to confiscate abandoned property and then assign temporary use to another person, followed by a second law in 1996 permitting ownership to squatters or assigned property after ten years; these laws were repealed in 1998 and 2000, respectively.<sup>280</sup> Nevertheless, "it is reported that requests can still be submitted for obtaining ownership after 10 years."<sup>281</sup> Practically speaking, both laws were applied to the explicit detriment of Croatian Serbs who had fled during the war.<sup>282</sup> The Serbs may submit a claim to the municipal housing commissions, but

[m]unicipal commissions responsible for addressing property return claims have been biased, discriminatory, obstructionist, and slow. Accordingly, minority Serbs still residing in Croatia are typically unable to reclaim their pre-war land and homes, and they remain at risk of the temporary users being able to obtain full ownership rights after 10 years.<sup>283</sup>

As the following section will explain, Croatia reformulated its approach to refugee rights at the turn of the century, though results are only just beginning to emerge.

---

273. *Id.*

274. CROAT. CONST. ch. III, pt. 3, art. 48. The Constitution is the "fundamental law," the highest law of the land in Croatia. Kuecking & Zugic, *supra* note 190, at 1.

275. CROAT. CONST., *supra* note 274, at ch. III, pt. 1, art. 14.

276. *Id.* at ch. III, pt. 1, art. 15.

277. *Id.* at ch. III, pt. 1, art. 32.

278. FAO REPORT, *supra* note 97.

279. *Id.*

280. *Id.*

281. *Id.*

282. *Id.*

283. *Id.* For more on the struggle of Croatian Serbs, see generally HUMAN RIGHTS WATCH, *supra* note 272.

### B. Making Amends with Displaced Refugees

Overcoming this amplitude of social strife is not the sort of thing that occurs overnight. Croatia formally made amends with the remaining republics of Yugoslavia (today Serbia and Montenegro) in 2000<sup>284</sup> and 2002,<sup>285</sup> largely due to a change at the head of Croatia's executive branch and a shift towards a parliamentary government.<sup>286</sup> Nevertheless, the EU has repeatedly ranked refugee return and regional cooperation among Croatia's most problematic areas,<sup>287</sup> and Croatia has ranked refugee return and regional cooperation among its priorities in turn.<sup>288</sup> Discriminatory treatment toward the relatively few Serbian refugees who *have* returned to Croatia can still be witnessed today.<sup>289</sup>

In tandem with the European Union and its CARDS Programme,<sup>290</sup> the Organization for Security and Cooperation in Europe (OSCE),<sup>291</sup> and others, Croatia is working to support the return of refugees, which means restoration of property rights and homes.<sup>292</sup> In 1998, the UN Commission on Human Rights listed a number of reasons preventing Serbs from returning, including: bureaucratic and legal obstacles, occupation of their homes, delays in funding for reconstruction of destroyed homes, and lack of compensation for destroyed or damaged homes.<sup>293</sup> Since then, however, the government has repealed damaging laws and enacted others to foster return of refugees.<sup>294</sup>

These laws have been directed at remedying the three types of housing

284. *Yugoslavia Welcomed Back into Balkan Fold*, CNN, Oct. 30, 2000, <http://archives.cnn.com/WORLD/europe/10/29/zagreb.neighbours/index.html>.

285. *Balkan Heads Vow to Rebuild Peace*, CNN, Jul. 15, 2002, <http://archives.cnn.com/WORLD/europe/07/15/balkans.summit/index.html>.

286. European Communities, CARDS, *Support for Returning Entrepreneurs*, [http://ec.europa.eu/enlargement/pdf/financial\\_assistance/cards/cases/004\\_en.pdf](http://ec.europa.eu/enlargement/pdf/financial_assistance/cards/cases/004_en.pdf) (last visited Jun. 11, 2008).

287. *See, e.g.*, 2006 Council Decision, *supra* note 40, at 31.

288. MANDATE, *supra* note 149, at 21.

289. ORG. FOR SEC. AND CO-OPERATION IN EUR., MISSION TO CROAT., *News in Brief*, Jul. 12 – 25, 2006. This mid-2006 news article discusses four Croatian men who were arrested for verbal assaults, graffiti, and stoning and burning houses of Serbian refugees who had returned to Croatia. *Id.* Two of the men were veterans of the Homeland War, and another was a former Croatian police officer. *Id.* Since she returned to Croatia in 1998, one woman stated she had been physically assaulted six times, and this was the second time her house had been destroyed or damaged. *Id.*

290. *See generally* European Commission, CARDS Assistance Program to the Western Balkans Regional Strategy Paper 2002 – 2006 3 (2002) (explaining the aid strategy of the European Commission for the Western Balkans, and ranking return of refugees at the top of its four main objectives) [hereinafter Regional Strategy Paper].

291. *See generally* ORG. FOR SEC. AND CO-OPERATION IN EUR., MISSION TO CROAT., Second Expanded Edition (2005) (a pamphlet or bulletin explaining rights and procedures, and offering assistance, to refugees returning to Croatia) [hereinafter Guidance for Returnees].

292. *See* Rupert Bates, *Food for 101 Dalmations Agent Worldly Wise This Week: Croatia*, THE DAILY TELEGRAPH (London), Jul. 24, 2004, at 10.

293. *See* FOR THE RECORD, *supra* note 270, at 8.

294. *See* EUR. CMM'N – OPINION, *supra* note 2, at 22.

problems faced by Croatia: reconstruction, repossession of property, and provision of housing care for former tenancy right holders.<sup>295</sup> Reconstruction of roughly 200,000 damaged homes and apartments was completed by the end of 2006.<sup>296</sup> The second category involves repossession of homes occupied by Croatian Serbs until they fled during the mid-1990s, only to have their homes reoccupied by Croatian refugees, either from within Croatia or from Bosnia & Herzegovina.<sup>297</sup> Croatia has made substantial progress in repossessing these residences, but was sluggish in undertaking the task from the outset.<sup>298</sup> Its stuttering approach was largely contributable to the lack of alternative housing, the want of self-imposed motivation, and the failure to enforce repossession adjudications.<sup>299</sup> Finally, the lack of alternatives to those refugees who had formerly held occupancy/tenancy rights in formerly socially-owned apartments had yet to show visible results at the end of 2004,<sup>300</sup> but, with the help of OSCE alternatives, were beginning to become available in certain areas of high concern within Croatia.<sup>301</sup>

Most beneficial to these refugees has been the reform of the property registration system.<sup>302</sup> By requiring validation in land titles during the registration process, Croatia effectively prevents itself from registering the home of a refugee in the name of another or, if it does so, gives itself ample opportunity to correct its mistake.<sup>303</sup> Likewise, the new land surveys accompanying the reformed cadastre require Croatia to reassess land lot sizes, allowing it to determine precisely where it may rebuild if necessary.<sup>304</sup> The return of private property to the original owners was nearly complete by mid-2007, with less than one percent of such property remaining.<sup>305</sup> Nearly 350,000 refugees have returned to Croatia.<sup>306</sup>

Nevertheless, work remains to be done. There remain as many as 25,000 refugees who wish to return, and more than 2,100 reconstruction projects yet to commence.<sup>307</sup> "The main challenge is to accelerate the implementation of housing programmes for former tenancy-right holders wishing to return to Croatia. Around 8,500 applications from returnees for whom a housing

---

295. *Id.*

296. *Id.*

297. STABILISATION AND ASS'N REP., *supra* note 38, at 9.

298. EUR. CMM'N – OPINION, *supra* note 2, at 22.

299. *Id.*

300. MISSION TO CROAT., *supra* note 250.

301. *See* Guidance for Returnees, *supra* note 291, at 13.

302. *See* LAND REGISTRATION SYSTEM REFORM, *supra* note 96, at 9.

303. *Id.*

304. *See* Regional Strategy Paper, *supra* note 290, at 27.

305. Neven Ljubicic and Vladimir Spidla, *Joint Memorandum on Social Inclusion of the Republic of Croatia*, 43 (2007), available at [http://www.delhrv.cec.eu.int/images/article/File/Microsoft%20Word%20-%20JIM-en\\_032007\(1\).pdf](http://www.delhrv.cec.eu.int/images/article/File/Microsoft%20Word%20-%20JIM-en_032007(1).pdf) (last visited Jun. 11, 2008).

306. *Id.* at 42.

307. *Id.* at 42-43.

solution has to be provided upon their return to Croatia remain to be dealt with.”<sup>308</sup> Thus, the European Commission continues to list refugee return, housing issues, and rights of former tenancy holders among Croatia’s top priorities.<sup>309</sup>

While Croatia may not be able to change the minds of every last citizen, it does seem to be doing everything it can to promote the return of refugees, and this is due in large part to the reform and verification process of the land register.<sup>310</sup> Nonetheless, reconstruction, repossession, and housing care programs continue to be a top short-term priority as far as the European Council is concerned, and its opinion is the one that matters when it comes time for Croatia to accede.<sup>311</sup>

## VI. STIMULATED FOREIGN INVESTMENT IN THE REAL PROPERTY MARKET

The recent reforms and digitalization of Croatia’s land records, and the collateral effects they have had on starting a business and gaining credit, have led the World Bank to name Croatia among its top reformers for the last two years.<sup>312</sup> In addition to saving time, digitalization of land registries saves money and helps secure property rights, each of which are conducive to a fertile investment environment.<sup>313</sup> According to the World Bank, “[e]xpanding access to information in the property registry helps owners to be clearly identified, reducing the transaction costs to determine who owns what and cutting the need for time-consuming due diligence.”<sup>314</sup> One commentator notes the enhanced potential for investment:

The cadastre and registration systems — the land administration system for Croatia — are a basic infrastructure that supports the property market. Much of the wealth of any country is in its land and property . . . . Croatia wants increased investments and needs investments for higher growth . . . . This is the aim of intense efforts underway to help modernize the land registry and cadastre systems in Croatia.<sup>315</sup>

Croatia itself recognized the valuable link between reforming its real property market and the potential for increased foreign direct investment.<sup>316</sup> In

308. *Id.* at 43.

309. 2007 Council Decision, *supra* note 218, at 6.

310. Regional Strategy Paper, *supra* note 290, at 27.

311. 2006 Council Decision, *supra* note 40, at 33.

312. Doing Business 2008, *supra* note 66, at 1.

313. REGISTERING PROPERTY, *supra* note 63, at 38.

314. *Id.*

315. Press Release, *supra* note 162.

316. *See id.*

its 2006 Mid-Term Review of the Project, Croatia and the World Bank

agreed that secure property rights and an efficient land administration system will reduce impediments and administrative barriers to foreign direct investment in Croatia, increase financial intermediation based on meaningful collateral (mortgaging), and streamline administrative and legal procedures to be in line with EU standards.<sup>317</sup>

Thus, not only do such investments benefit the Croatian economy, but they also push Croatia closer toward EU accession in the process.<sup>318</sup> The EU itself recognized that by simplifying the real property system, beneficial foreign investment is fostered simultaneously with bringing Croatia in alignment with EU norms.<sup>319</sup>

The word seems to be out on the Croatian real property market—or rather, it has been for some time.<sup>320</sup> In 1996, the *Journal of Commerce* referred to the real property market of Croatia as a potential “boom market;”<sup>321</sup> by 2003, London’s *Financial Times* lamented anyone not already investing in Croatian property, which the Germans had been doing since 1998, had already missed the boat.<sup>322</sup> Investors have not been deterred, however, and Croatia’s real property market remained (and remains) one of the hottest.<sup>323</sup> Investment is coming from every angle—from Greece<sup>324</sup> to Ireland<sup>325</sup> and particularly from the British,<sup>326</sup> who purchased fifteen percent more second homes in 2004 than in 2003. Prince Charles was believed to be interested in investing in one Croatian island,<sup>327</sup> and Robert DeNiro, Clint Eastwood, and Sharon Stone were also believed to be interested in investing in a part of Croatia some are calling the “New Tuscany.”<sup>328</sup> Though the hype has managed to push prices

---

317. *Id.*

318. *See id.*

319. BUILDING UP CROATIA’S REAL ESTATE MARKET, *supra* note 10.

320. *See* Clare Dowdy, *Casting the Net Wider: Former Communist Eastern Europe has Possibilities But Don’t Expect to Make a Killing*, THE FIN. TIMES, Nov. 15, 2003, at 13.

321. George Kleinfeld, *Doing Business in Croatia*, J. OF COM., Aug. 22, 1996, at 6A.

322. Dowdy, *supra* note 320.

323. Ian Traynor, *Property Boom: Location, Location – A Corner of Croatia Becomes ‘New Tuscany’: Resentment Grows Over Spiraling House Prices as Foreigners Move In*, THE GUARDIAN (London), Aug. 8, 2006, at 16.

324. Belinda Archer, *Joint Access to Up-and-Coming Places*, THE FIN. TIMES, Nov. 12, 2005, at 6.

325. *Investors See Promise in Central and Eastern Europe*, THE IRISH TIMES, Dec. 30, 2005, at 6.

326. Roger Blitz, *Second-home Owners Rise by 15%*, THE FIN. TIMES, Sep. 11, 2004, at 1.

327. John Flinn, *Balmy Days Along Croatian Riviera; Adriatic Isles have Flavor of Greece, Italy*, THE SAN FRANCISCO CHRON., Jun. 20, 2004, at D8.

328. Simona Rabinovitch, *Croatia Glows*, THE GLOBE AND MAIL (Canada), Jul. 8, 2006, at T1.

upward,<sup>329</sup> especially along the coast,<sup>330</sup> land prices in Croatia are still relatively low, given comparable land elsewhere in the EU.<sup>331</sup> The 12 million-plus hits on Croatia's electronic cadastre further testify as to the activity of the real estate market.<sup>332</sup>

Even the United States has taken notice of the reforms in Croatia.<sup>333</sup> In 2005, the U.S. Department of State remained skeptical in its overall evaluation of Croatia's investment climate, warning potential investors that "[w]hile foreign investors enjoy equality under the law with domestic investors, in practice foreign investors often face difficulties."<sup>334</sup> Further, while the State Department took an extensive look at the "bottleneck" in the Croatian judicial system, the most it said about Croatia's land registry reform was that Croatia had made "some progress."<sup>335</sup>

In the same evaluation a year later, the assessment of the investment climate and land register by the U.S. State Department seemed much more optimistic and significantly less cynical.<sup>336</sup> Opening with a proclamation indicating Croatia has recently emerged "as an attractive destination for investment," the State Department points to several reforms which finally "appear to be bearing fruit."<sup>337</sup> Admittedly, the State Department does point to the opening of official negotiations between Croatia and the EU in October of 2005 as a factor in Croatia's economic turnaround, but did not single it out as the only reason.<sup>338</sup> Among these reasons included both the judiciary and the land register:

The Croatian government has set a goal of increasing foreign investment and has begun to undertake long overdue measures to improve the investment climate in the country. . . . Reform of the notoriously inefficient judicial system is . . . underway, as is reform of land registries, which includes the digitization of land records.<sup>339</sup>

The evaluation mentions the land management reform not once, but twice—once in a discussion of the judicial system and again in an overall

---

329. Josephine Cumbo, *Search for Second Homes Moves Eastward*, THE FIN. TIMES, Feb. 5, 2005, at 22.

330. Christopher Condon, *Countries Feel the European Touch*, THE FIN. TIMES, Nov. 12, 2005, at 4.

331. Rabinovitch, *supra* note 328.

332. *Report on Project Implementation for 2007*, *supra* note 160, at 12.

333. See U.S. DEP'T OF STATE, 2006 INVESTMENT CLIMATE – CROAT., available at <http://www.state.gov/e/eb/ifd/2006/61973.htm> (last visited Jun. 11, 2006).

334. *Id.*

335. *Id.*

336. See U.S. DEP'T OF STATE, 2006 INVESTMENT CLIMATE – CROAT., *supra* note 333.

337. *Id.*

338. *Id.*

339. *Id.*



analysis of openness to foreign investment.<sup>340</sup> It seems even the U.S. Department of State has caught on—the real estate market in Croatia is finally friendly to the foreign investor.<sup>341</sup>

Despite the praise in recent years, issues remain to be addressed. While the land register tries to keep up with a booming property market—even if the register is digitized, and thus title is publicized—determining the accuracy of the register remains a separate issue.<sup>342</sup> Until 2006, foreign nationals still needed clearance from the Ministry of Foreign Affairs and the Ministry of Justice to purchase property, one of the major steps in the Croatian real estate waiting game.<sup>343</sup> Meanwhile, the most sought-after land is being purchased by foreigners at an astounding rate, leaving little untouched.<sup>344</sup> Local Croats did not seem to mind at first, as they believed their old, rustic properties to be worthless.<sup>345</sup> With EU membership on the horizon, however, and if neighboring Slovenia is any indication,<sup>346</sup> real property prices in Croatia can be expected to continue to rise.<sup>347</sup> As a result of trying to compete with wealthy British, Irish, Greek, American, and other investors, the local population is priced out of the real estate market.<sup>348</sup> The combination of greed from potential moneymaking property, as well as the dwindling amount of property remaining, has generated local resentment toward foreign investment in land.<sup>349</sup>

In efforts to preserve their patrimony,<sup>350</sup> or perhaps merely to prevent the sale of land which may rightfully belong to a displaced Croat or Serb,<sup>351</sup> many Croats have attempted to halt or slow the sale of real property to foreigners.<sup>352</sup> Despite the local opposition, Croatia has been under pressure from numerous European countries to open its real estate market entirely.<sup>353</sup> More importantly, accession to the EU requires Croatia to abolish all restrictions on acquisition of land determined on the basis of national origin—that is, Croatia is prohibited from blocking foreigners from buying land where it could not already do so to its own citizens.<sup>354</sup> Although certain kinds of lands exist which individuals cannot purchase, such as agricultural land, Croatia universally applies this rule to all potential purchasers—foreign or nationals

340. *Id.*

341. *Id.*

342. Oliver Bennett, *Istria in the Making*, THE FIN. TIMES, Feb. 11, 2006, at 9.

343. *Id.*

344. Traynor, *supra* note 323.

345. *Id.*

346. Fionnvala Sweeney, *Leading Former Yugoslavia into EU*, CNN, Apr. 14, 2004, <http://www.cnn.com/2004/WORLD/europe/04/14/eu.slovenia/index.html>.

347. *Id.*

348. Traynor, *supra* note 323.

349. *Id.*

350. *Id.*

351. Neil MacDonald, *When the Shelling Stops*, THE FIN. TIMES, Jun. 24, 2006, at 6.

352. *Id.*

353. Traynor, *supra* note 323.

354. *See id.*

alike.<sup>355</sup> In spite of internal resistance, Croatia hopes to have all applicable roadblocks to the acquisition of land by foreigners eliminated by 2009, as required under its Stabilisation and Association Agreement with the EU.<sup>356</sup>

The real issue remains the determination of clear title. Even if a foreigner chooses to purchase property, such a purchase may become jeopardized or voided if it should be determined that the property in question did not really belong to the initial seller, but actually to a displaced Serb or Croat.<sup>357</sup> In fact, one real estate operation was revealed in 2005 to have dealt more than 10,000 properties belonging to displaced Croatian Serbs through forged documents, and much of this *kuna* greased the palms of Croatian officials.<sup>358</sup> Additionally, Croatian property tends to pass through families, so the possibility of multiple legitimate claims to a single piece of property, requiring all members of a family to agree to a sale of the property before it may become legitimate, is not uncommon.<sup>359</sup> Despite the presence of these issues, the real estate market remained largely unregulated until recently; only since 2004 have real estate agents been required to be registered with local Croatian Chambers of Commerce.<sup>360</sup>

## VII. CLEANING UP CROATIA'S CORRUPTION

In evaluating Croatia's 2003 application for EU membership, the European Commission in 2004 cited corruption as yet another troubling issue and one in need of much attention.<sup>361</sup> This included not just political corruption generally, but the Commission also cited influence at the judicial level as well.<sup>362</sup>

Indeed, viewed closely, one can see just how interconnected the issues plaguing Croatia really are. In 2005 it was revealed corrupt state officials were cooperating with organized crime syndicates to forge purchases of homes abandoned by refugees and then reselling them to Croatian or foreign nationals, all while turning a huge profit.<sup>363</sup> Although it had been going on for years, it was only unearthed immediately before negotiations with the EU were set to begin, and thus many EU diplomats knew nothing of the scandal.<sup>364</sup> Because of

---

355. See Bates, *supra* note 292.

356. Traynor, *supra* note 323.

357. See Bates, *supra* note 292.

358. Vesna Peric Zimonjic, *Croatia Tilts Toward EU Membership in Presidential Election*, THE INDEPENDENT (London), Jan. 3, 2005, at 17. The *kuna* is the national currency of Croatia. THE CIA FACTBOOK, <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html#Econ> (last visited Aug. 5, 2008).

359. Glasgow, *supra* note 6.

360. *Id.*

361. See EUR. COMM'N – OPINION, *supra* note 2, at 15.

362. *Id.* at 14.

363. Vesna Peric Zimonjic, *Balkan Home Truths: How Croatia Swindled its Exiled Serbs*, THE INDEPENDENT (London), Feb. 4, 2005.

364. *Id.*

the length of the negotiation process, Croatian President Stjepan Mesic admitted this “cunning new variation on the theme of ethnic cleansing” could very well tarnish Croatia’s image in the eyes of the EU.<sup>365</sup>

As the World Bank has found, the length of time necessary to register property in Croatia may have a correlation with the high rate of political dishonesty in Croatia.<sup>366</sup> “More procedures mean more delays and more chances for officials to demand bribes, as every encounter between the entrepreneur and official is an opportunity for corruption.”<sup>367</sup> In addition to the length of time needed to register property in Croatia, the process also involves five steps and costs five percent of the property value.<sup>368</sup> While neither of these latter figures is extraordinary,<sup>369</sup> New Zealand stood out as a role model in 2005 by requiring only two days to register property, encompassing two steps and costing only 0.1 percent of the property value.<sup>370</sup> Norway required only one day.<sup>371</sup> These figures roughly reflect the goal of Croatia, which hopes to reduce the entire registration process to five days.<sup>372</sup>

The World Bank further added that cumbersome property registration entangled with too much bureaucracy leads to informal keeping of assets (i.e., not registering them) and increased levels of corruption.<sup>373</sup> “Simple procedures to register property are also associated with greater perceived security of property and less corruption.”<sup>374</sup> In fact, private investors may well find it easier to form a company and acquire property in the name of the company, so the company may buy and sell property without having to go to the registry.<sup>375</sup> But this process also involves a number of permits, licenses, approvals, etc.—the incommensurable red tape that accompanies a business formation.<sup>376</sup> Nevertheless, some may prefer informal transactions to the long delay of waiting for property registration, effectively circumventing the land register altogether.<sup>377</sup> For example, in Croatia, it took twelve steps to form a business in 2005, compared to five steps for registering property; but since the business formation procedure avoided the backlogged courts, and does not always

365. *Id.*

366. *See* REGISTERING PROPERTY, *supra* note 63, at 35.

367. *Id.*

368. DOING BUSINESS 2005, *supra* note 86.

369. *Id.*

370. *Id.*

371. *Id.*

372. BUILDING UP CROATIA'S REAL ESTATE MARKET, *supra* note 10.

373. REGISTERING PROPERTY, *supra* note 63, at 39.

374. Doing Business 2008 – Croatia, *supra* note 66, at 23.

375. DRESNER BANK, INVESTING IN CENTRAL AND EASTERN EUROPE 7 (2004), available at [http://www.herbertwalter.com/Dresdner-Bank/Economic-Research/publications/\\_downloads/\\_downloads-IG/13\\_ldk\\_kro\\_Croatia\\_2004.pdf](http://www.herbertwalter.com/Dresdner-Bank/Economic-Research/publications/_downloads/_downloads-IG/13_ldk_kro_Croatia_2004.pdf) (last visited Jun. 11, 2008).

376. *Id.*

377. *Id.*

concern real property, the average procedure took significantly less time.<sup>378</sup> One official report indicates, “[i]n many countries, firms also rate property registries as the most corrupt public organizations.”<sup>379</sup>

It remains to be seen just how much Croatia’s property reform can clean up the corruption in business and politics. As this Note has shown, land management reform in Croatia has had, or will have, trickle-down effects alleviating numerous other problems while simultaneously solving its own. As the Mid-Term Review of the Project observed, one large reason for digitalizing its land registry was to “fight against corruption and [provide an] incentive to real property owners to sort their real property status. The result has been fully accomplished.”<sup>380</sup>

### VIII. CONCLUSION

Croatia is not expected to join the EU until 2010.<sup>381</sup> The reader should bear in mind that merely having a slow registration system should not be enough to keep Croatia out of the EU—as evidenced by Slovenia, which shares a similar problem with backlogged courts.<sup>382</sup> Furthermore, other factors that have not been discussed here also secure property rights.<sup>383</sup> What makes Croatia unique (for all the wrong reasons), however, includes a laundry list of other problems, such as those explained above: namely, an inefficient judiciary, a corrupt political and administrative system, human rights violations, and market hindrances. Hopefully, this Note has explained why Croatia’s land management reform continues to remedy each of those shortcomings, albeit to differing degrees.

So who stands to gain from this reform? Target beneficiaries for the land reform include:

actual and potential real estate owners, private investors in agriculture, housing, and industry, commercial banks, public bodies such as municipalities and other users of land information, . . . individuals, private companies and government agencies . . . [seeking] more secure rights . . .<sup>384</sup>

The European Community identifies perhaps the most important recipients: the

---

378. The World Bank, *Doing Business, Explore Economies, Croatia*, <http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economy id=52> (last visited Jun. 11, 2008).

379. DRESDNER BANK, *supra* note 375.

380. MID-TERM REVIEW, *supra* note 11, at 17.

381. Euractiv.com, *supra* note 7.

382. REGISTERING PROPERTY, *supra* note 63, at 38.

383. *Id.* at 36.

384. Blazevic, *supra* note 55, at 4.

people and economy of Croatia.<sup>385</sup> As Croatia endeavors toward EU membership, the other twenty-seven member states stand to benefit from expanding potential capital in Croatia's increasingly efficient and user-friendly real estate market.

---

385. BUILDING UP CROATIA'S REAL ESTATE MARKET, *supra* note 10.

