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Navigating NFT landscape in Croatia's financial market

Maćešić & Partners | Banking & Financial Services - Croatia



ZRINKA
BUZATOVIĆ



ANTEA
MUSCHET

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The world of virtual assets is undergoing a metamorphosis, and its impact resonates deeply within Croatia's financial market and fintech sector. Therefore, it is necessary to answer questions, such as whether non-fungible tokens (NFTs) are considered "virtual assets". Even though countries are trying to regulate NFT trading, due to the recent expansion of NFTs, it is hard to cover all aspects under the existing body of laws.

NFT trading in Croatia

Most NFTs can be easily transacted on cryptocurrency exchanges with established markets. These exchanges enable NFT trading through the use of cryptocurrencies such as Ethereum and Bitcoin.

Some of the most prominent platforms for acquiring NFTs include:

- OpenSea;
- Rarible;
- SuperRare;
- Mintable;
- NiftyGateway; and
- Foundation.

Additionally, within Croatia, these platforms are accessible for creating, purchasing and selling NFTs using cryptocurrency.

In September 2023, the Croatian agricultural companies Agroporc, Byondi and Blok Be pioneered the digital platform known as GoAgro. Through this platform, individuals will have the opportunity to invest in what they perceive as the future of food production. Their innovative concept merges agriculture, pig farming and the technology of NFTs. Through the GoAgro platform, citizens who purchase "Pig NFTs" become the proud owners of a digital pig. The minimum investment for one NFT is €250, securing an allocation of 100 kilograms of pork. The transformation of this digital pig into a physical one takes 900 days, during which time the pig's weight increases by 3% annually. After this 900-day period, the Pig NFT can be exchanged for 107.5 kilograms of actual pork halves. This exchange can be carried out at any time following the 900-day mark. Alternatively, purchasers have the option to retain their Pig NFT as an investment, subject to the same rules regarding exchange or sale in the future. Pig NFTs are also tradable assets.

This remarkable initiative illustrates how the trend of NFT trading can serve as a unique opportunity to address long-term economic challenges within a country, transcending traditional economic activities.

Sustainability in Croatia's blockchain ecosystem

Taking an environmental perspective into account, NFTs hold the potential to make a significant contribution to the sustainable blockchain landscape by embracing the environmental and social governance (ESG) approach.

Specifically, NFT trading platforms can opt to operate on energy-efficient blockchains, thereby significantly reducing energy consumption for transactions and diminishing the overall carbon footprint associated with blockchain activities.

Another environmentally-conscious option is to harness renewable energy sources for cryptocurrency mining operations, a practice that can be actively encouraged through NFT projects.

These initiatives aimed at promoting sustainability within the realm of NFT trading and the broader domain of cryptocurrency transactions should ideally be rooted in governmental guidelines. Such guidelines play a pivotal role in raising awareness and facilitating more successful implementation, ensuring that the blockchain landscape in Croatia aligns with sustainability goals while fostering innovation in the digital space.

Comment

Considering Croatia's initial steps in regulating virtual asset trading and the growth of NFTs, it is reasonable to expect that this regulatory journey will persist, encompassing the trading of NFTs as well. The evolving landscape of digital assets necessitates a proactive approach to ensure responsible and secure trading practices, making ongoing regulation a vital component of Croatia's financial ecosystem.

For further information on this topic please contact [Zrinka Buzatović](#) or [Antea Muschet](#) at Maćešić & Partners by telephone (+385 51 215 010) or email (buzatovic@macesic.hr or muschet@macesic.hr). The Maćešić & Partners website can be accessed at www.macesic.hr.

