

Croatia

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly worse
Question 2	In light of the legislative changes introduced and implemented by the European Commission, how would you evaluate the evolution of administrative burden compared to a year ago?	Decreased slightly
Question 3	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 4	What does your federation see as the three main challenges threatening the attractiveness of the EU as an investment environment vis-a-vis international competitors?	<ul style="list-style-type: none"> • Quality of human capital • Energy prices • Innovation capacity

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

3. Assessment of Country Specific recommendations 2023 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that such support measures are targeted at protecting vulnerable households and firms, are fiscally affordable and preserve incentives for energy savings. Ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 5,1 %. Preserve nationally financed public investment and ensure the effective absorption of grants under the Facility and of other Union funds, in particular to foster the green and digital transitions. For the period beyond 2024, continue to pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to higher sustainable growth, in order to achieve a prudent medium-term fiscal position.	Helpful (but not a priority)	Satisfactory	Croatia has continued to run budgetary surplus in 2023 and will have a small deficit in 2024. hence it is not necessary to wind down energy support measures for corporates who anyhow pay energy prices above that for citizens and also above EU average. Much bigger worry is 32% hike in public wage volume plus 17% hike in transfers to citizens, where dynamism are certainly unsustainable and if this pattern of overspending on both categories continues Croatia might face Excessive deficit procedure in 2025.
CSR 2	Continue the steady implementation of its recovery and resilience plan and swiftly finalise the REPowerEU chapter with a view to rapidly starting the implementation thereof. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan	Important	Satisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Reduce overall reliance on fossil fuels by accelerating the deployment of renewables, in particular wind, solar and geothermal sources, finalising the incomplete legislative framework, streamlining administrative procedures for permitting, simplifying the procedures for installing renewable energy sources (e.g. solar photovoltaic facilities) in multi-apartment buildings and providing more legal certainty. Support small-scale renewable energy generation capacity.</p> <p>Further upgrade electricity transmission and distribution grids, in particular by improving the transmission links between the north and south of the country, and advancing the roll-out of smart meters. Accelerate the implementation of energy efficiency measures, including the installation of heat pumps. Reduce dependence on fossil fuels in the transport sector by promoting sustainable solutions, in particular rail and the electrification of road transport. Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.</p>	Important	Satisfactory	

4. Reform Progress in your Member State in 2023

How would you assess reform progress in 2023, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Mixed
Labour market	Unsatisfactory
Innovation and skills	Mixed
Access to finance and Financial stability	Satisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2024 Reform Barometer?

5. Reform priorities for 2024

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Tax reforms	Reduce overall labour tax burden (including healthcare contributions) and para-fiscal fees, funded by broadening tax base including raising taxes on income from assets and rental activity	no
Priority 2	Labour market mismatch and labour mobility	Reduce absenteeism through financial disincentive of unjustified use of sick leave; Flexibilize Aliens Act further through prolongation of working permits to 3 years, targeted immigration policy, easier and digital administrative procedures easier procedures for non-EU students and family reunification and transfer of workers from non-EU countries between affiliated companies, Education programmes' adjustment according to labour market needs and smart specialization strategy	no
Priority 3	Active labour market policies	Enhance re/upskilling strategies via co-financing education programs to acquire green and digital knowledge and skills	yes
Priority 4	Public sector efficiency	Reduce the number of local government units by merging financially unsustainable units; Reduce medium-term cost in healthcare through overly generous entitlement reforms	no
Priority 5	Sector specific regulation (telecom, energy)	Scrap the difference between electricity prices paid by corporates and citizens, final electricity market design according to main trading partners' best practice	no
