

## **Key findings in progress report 2008 Croatia**

### ***Political criteria***

Croatia continues to meet the Copenhagen political criteria. New strategies and action plans as well as legislation for reforming the judiciary, the public administration and in fighting corruption have been adopted. The anti-corruption body USKOK continues to intensify its activities. Croatia has taken some steps to address problems of minorities, including refugee return. Croatia has continued to participate actively in regional cooperation.

However, considerable challenges remain in key areas, such as reform of the still inefficient judicial system and public administration and in fighting organised crime and corruption, which remains widespread. Sustained efforts are needed across the board, leading to concrete results. Further attention needs to be paid to minority rights, especially refugee return. The prosecution of war crimes requires continued attention. There are some problems of access by the International Criminal Tribunal for the former Yugoslavia (ICTY) to certain documents in Croatia.

Regional cooperation needs to continue, as do efforts to solve outstanding bilateral problems with neighbours, especially on border delimitation.

### ***Economic criteria***

Croatia is a functioning market economy. It should be able to cope with competitive pressures and market forces within the Union in the medium term, provided that it further implements its comprehensive reform programme with determination in order to reduce structural weaknesses. The economy of Croatia continued to show a solid performance. Macroeconomic stability has been preserved. Employment grew and unemployment continued to decline. Business registration procedures have improved further.

However, inflation has risen considerably, largely due to higher energy and food prices. The current account deficit has been growing.

The implementation of structural reforms has been slow. Significant subsidies to enterprise have not been used effectively for restructuring. Further improvements in the business environment are needed.

### ***EU legal order***

Croatia has improved its ability to take on the obligations of membership. Preparations for meeting EU requirements are moving forward at a steady pace. Significant progress has been made in economic and monetary policy and information society and media. Good progress has been made in many chapters, such as public procurement, intellectual property law, customs union, food safety and financial services. However, significant efforts lie ahead, in particular in areas such as judiciary and fundamental rights, environment, competition policy and agriculture and rural development.