CROATIA
State of Play – Winter 2017

MACROECONOMIC SITUATION

• Broad-based economic recovery in 2016

Excessive imbalances

• Government debt started declining, but medium-term sustainability risks are high
• Private debt and external liabilities are decreasing; yet high share of liabilities are denominated in euro and exposed to currency risk
• Stock of non-performing loans is on a declining path but remains high
• Slow productivity growth; labour market recovery continues but youth and long-term unemployment remains high, activity rates are low and labour force is shrinking

PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

Some progress
• in reforming recurrent property taxation and improving debt management
• in reducing non-performing loans

Limited progress
• in reinforcing the fiscal framework
• in providing up- and re-skilling measures
• in reforming public administration and reinforcing the governance of state-owned enterprises
• in reducing para-fiscal charges, administrative burden on businesses, and removing regulatory restrictions
• in improving the quality and efficiency of the judicial system

No progress
• in reforming pension and social protection systems
• in harmonising wage-setting frameworks across public administration and services

FISCAL SITUATION

• Deadline for correction of excessive deficit by 2016
• Public debt above the 60% of GDP reference value

More info at
https://ec.europa.eu/info/strategy/european-semester/european-semester-timeline/analysis-phase