

# OECD ECONOMIC SURVEY OF CROATIA

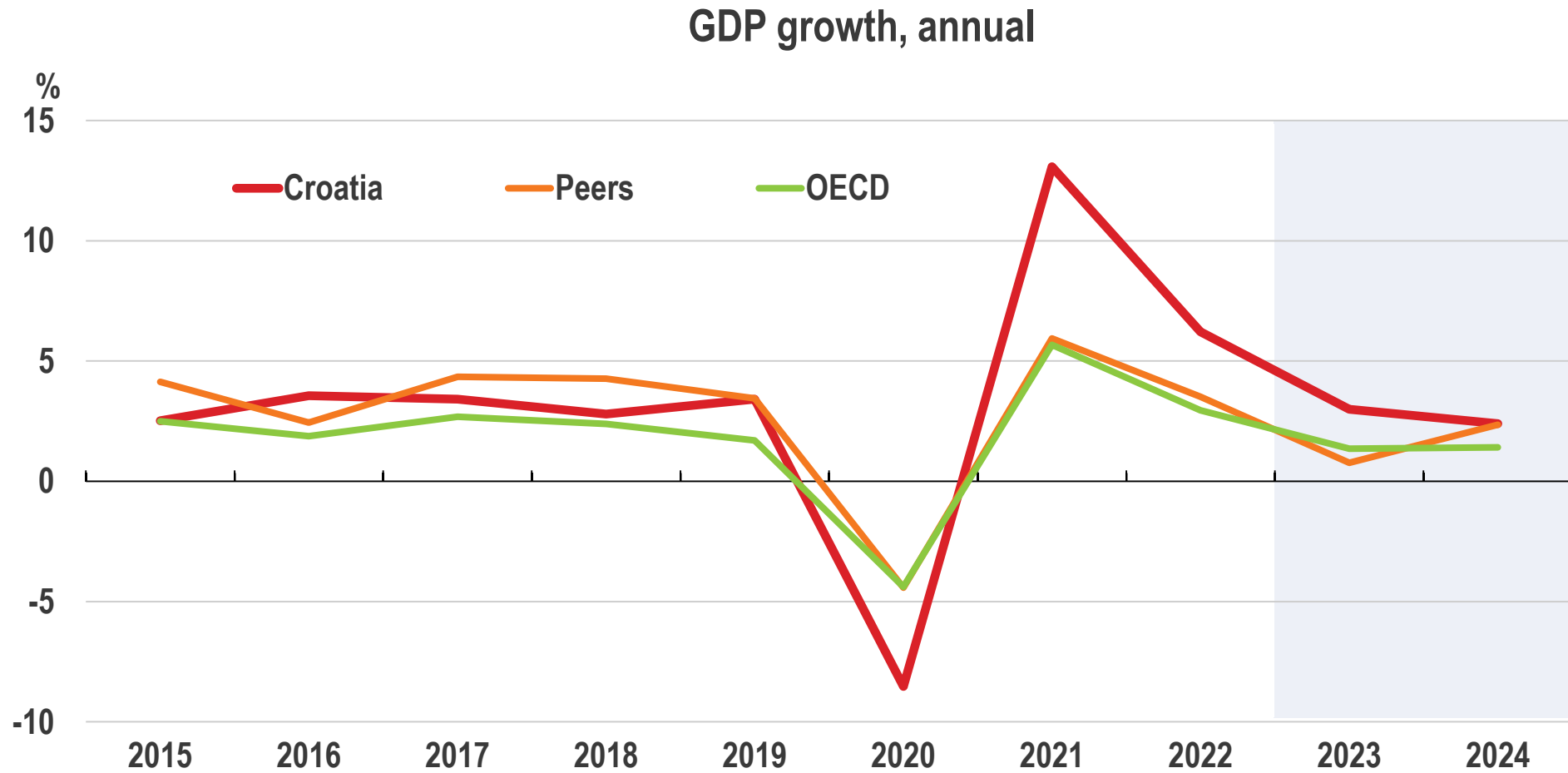
For faster and sustainable convergence

Zagreb, 21 September 2023





# Growth is resilient



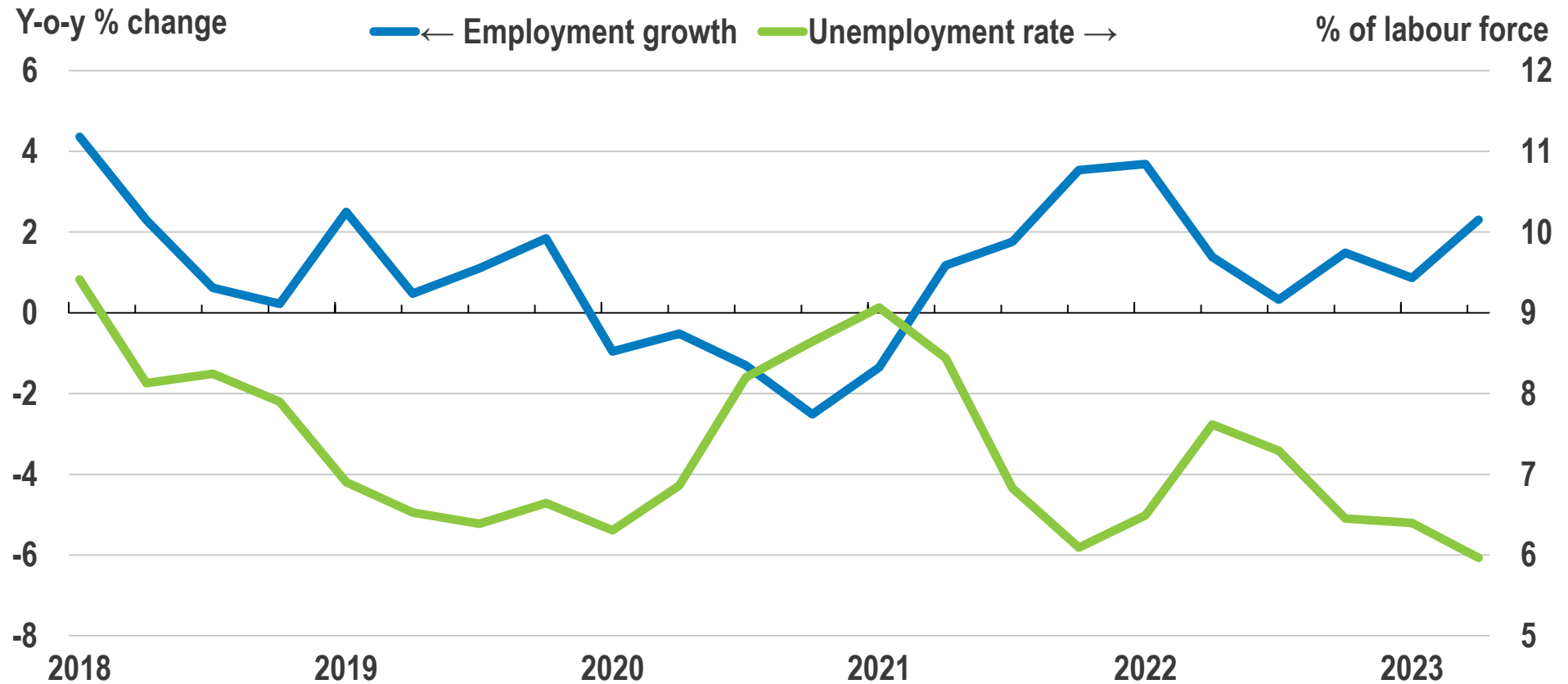
**Note:** The shaded area shows projections. Peers are an average of the Czech Republic, Hungary, the Slovak Republic and Slovenia.

**Source:** OECD Economic Outlook 113 (database), updated.



# The labour market is tight

## Labour market indicators

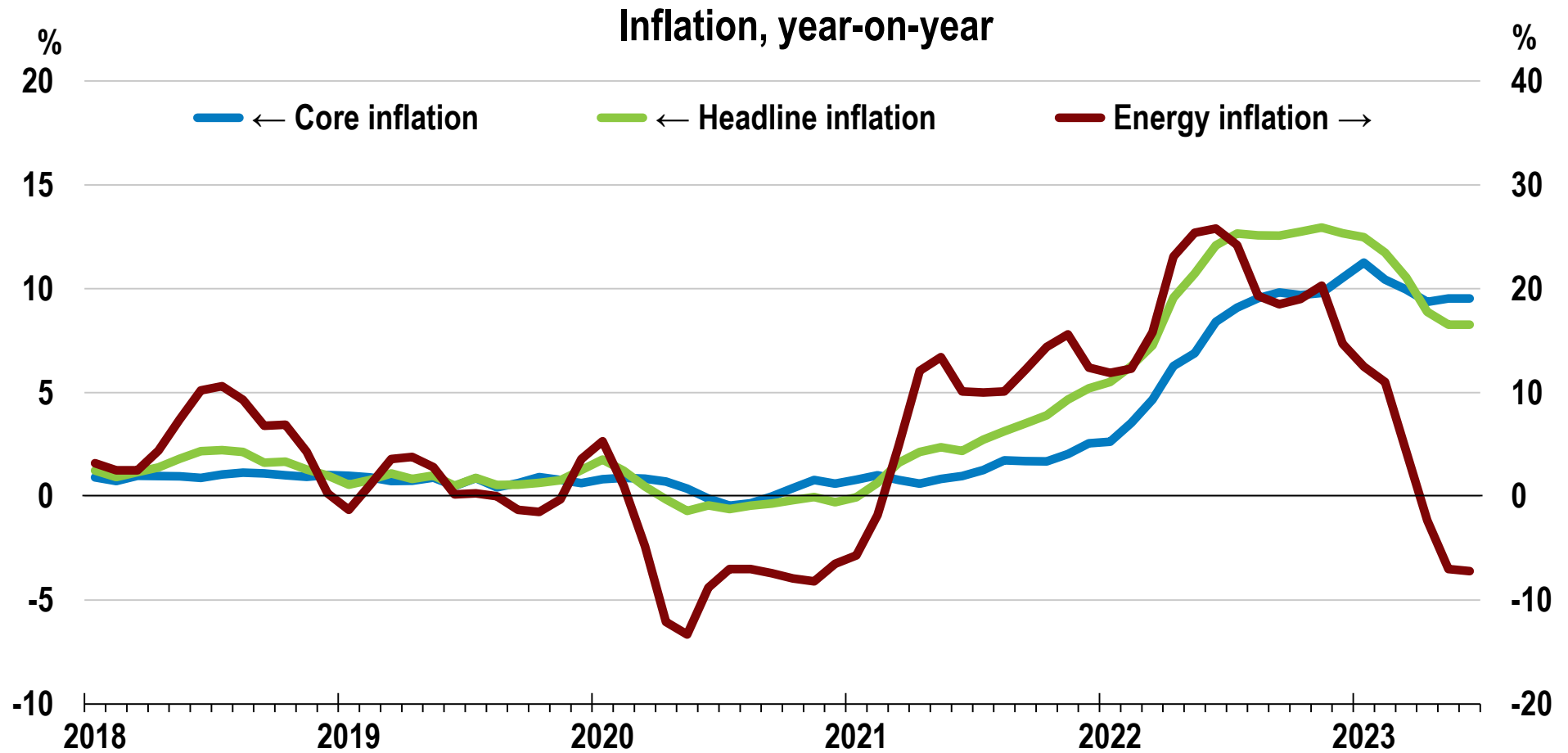


**Note:** 2023Q1 and 2023Q2 observations are OECD preliminary estimates, based on published labour force data adjusting for a series break between 2022Q4 and 2023Q1.

**Source:** OECD Economic Outlook (database).



# Inflation is slowly declining



**Note:** Core, headline and energy inflation are based on the harmonised consumer price index. Core inflation excludes energy and food products.

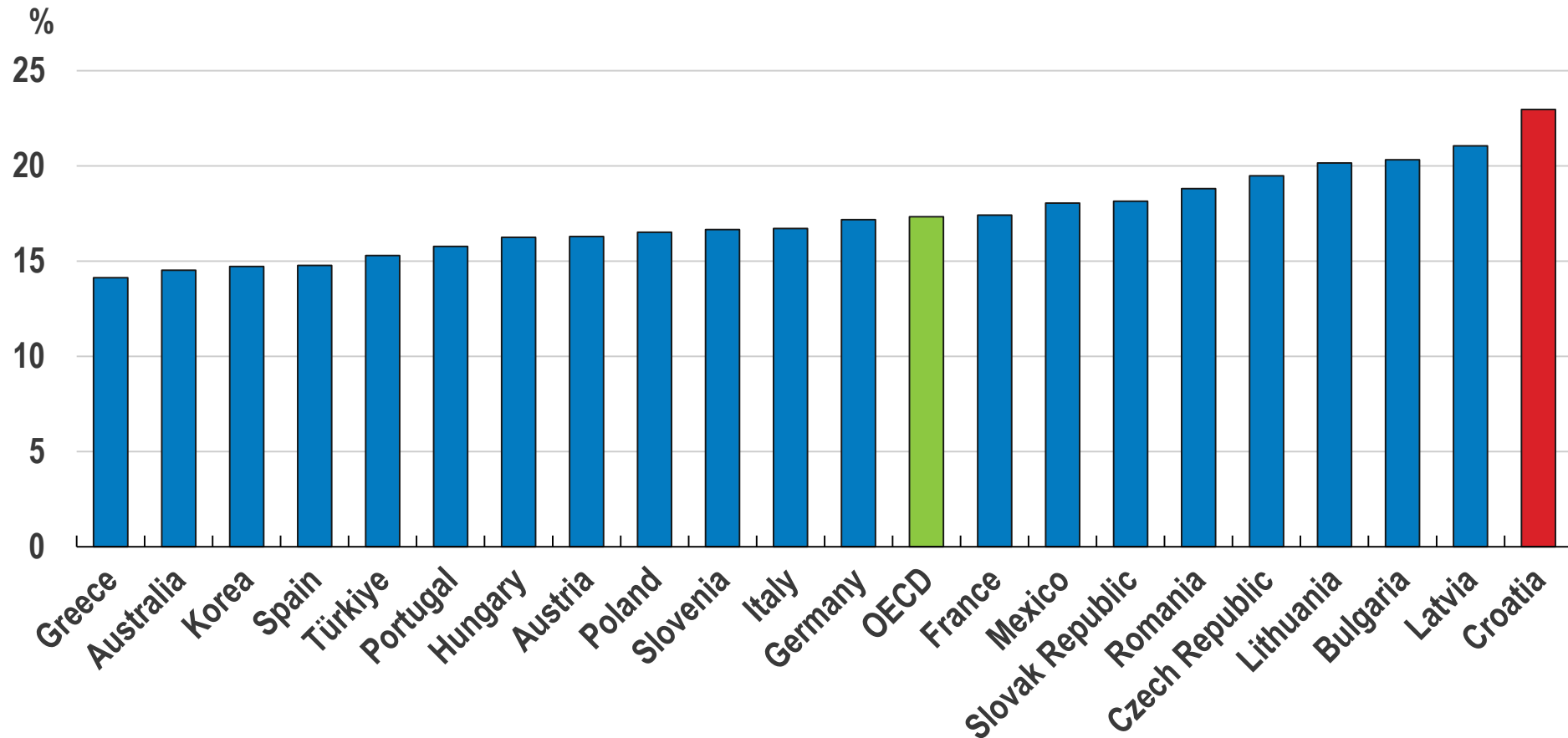
**Source:** OECD Economic Outlook (database) and Eurostat.





# Banks are better capitalised than in other countries

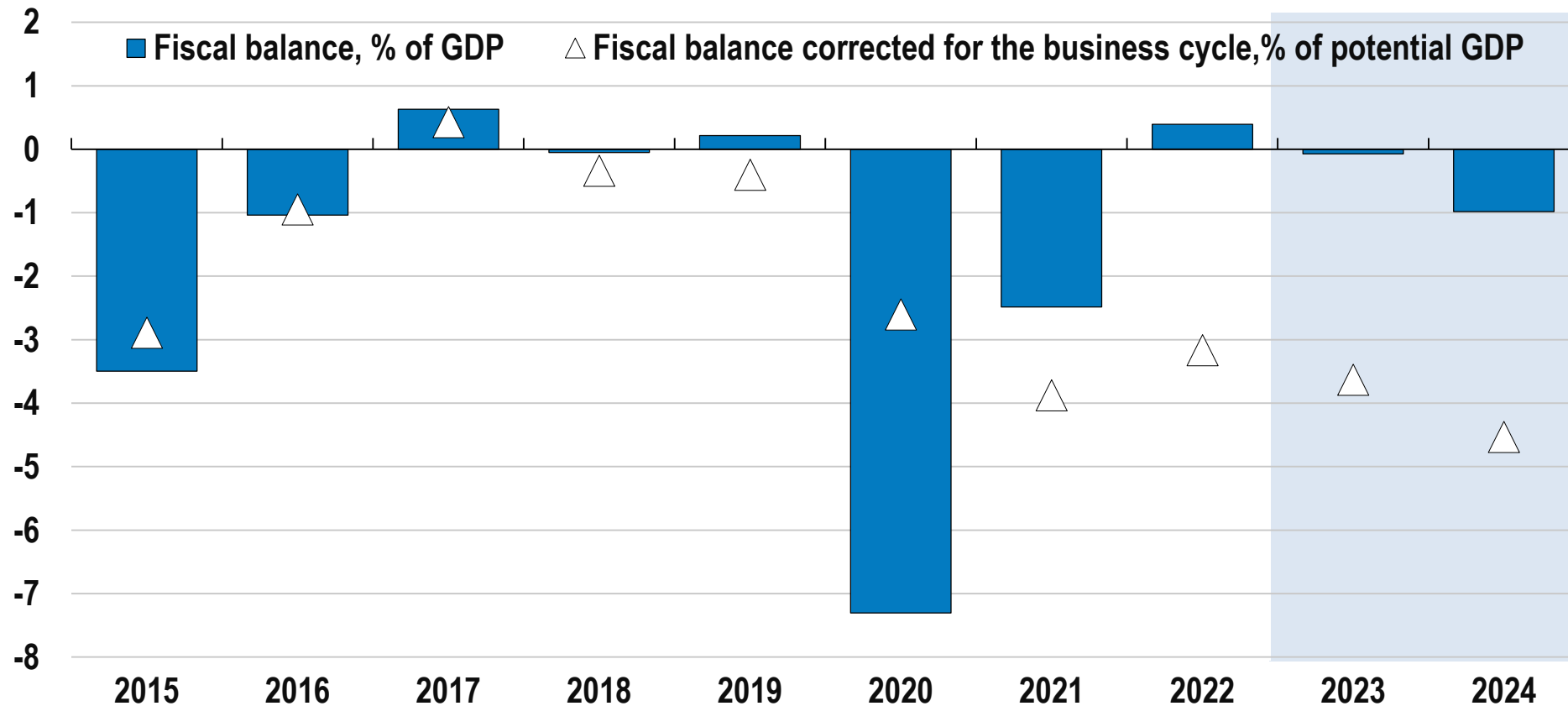
Regulatory Tier 1 capital to risk-weighted assets  
Q2 2023 or latest available





# Fiscal policy should avoid a widening deficit in 2023 and 2024

Fiscal balance and fiscal balance corrected for the business cycle



**Note:** The fiscal balance corrected for the business cycle measures the governments fiscal stance once cyclical variation in revenues and spending are taken into account and excludes net one-off operations.

**Source:** OECD Economic Outlook 113 (database), updated.



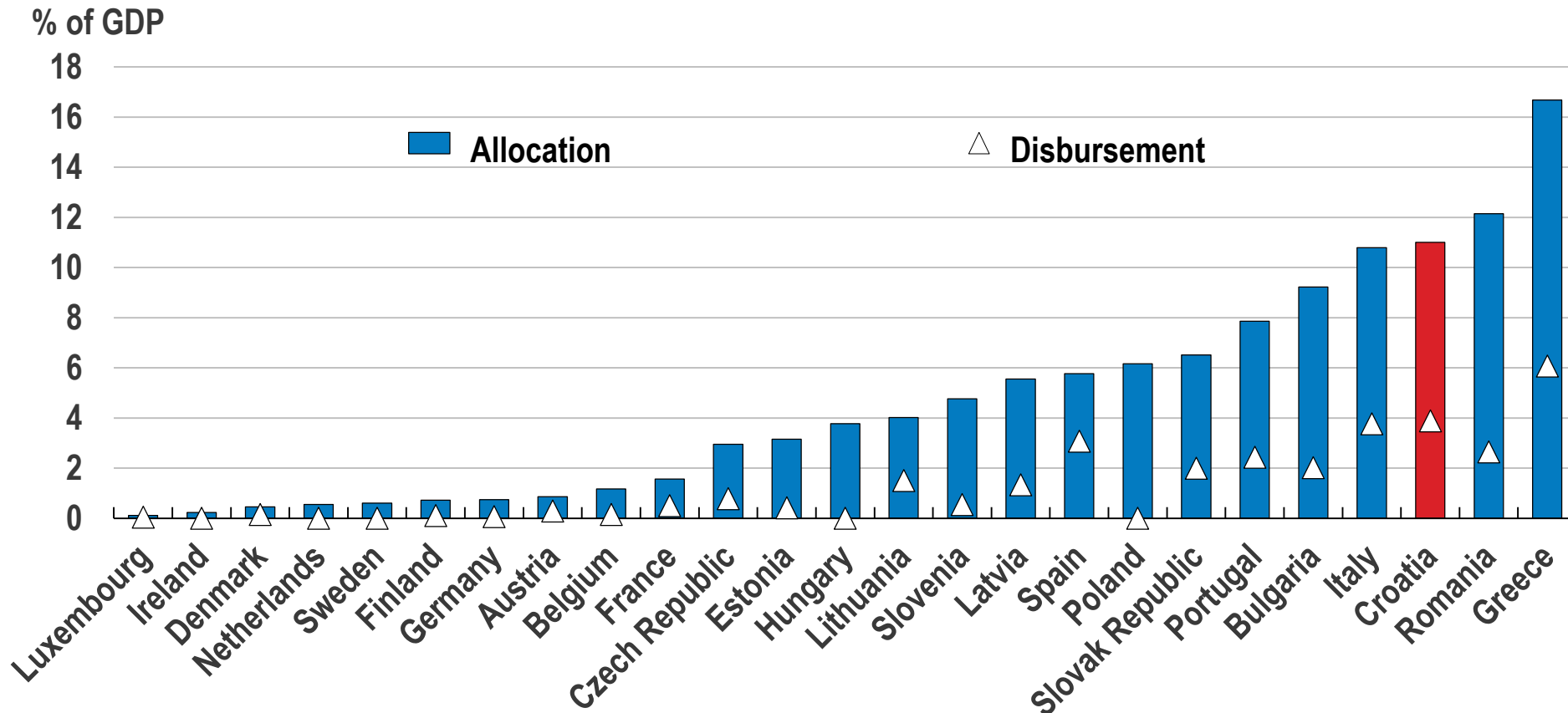
## Growth is projected to remain resilient in the short term

Annual growth rates, volumes unless specified	2021	2022	2023	2024
Gross domestic product (GDP)	13.1	6.2	3.0	2.4
Private consumption	9.9	5.1	2.3	2.3
Investment	4.7	5.8	2.6	2.6
Unemployment rate (% of labour force)	7.6	7.0	6.0	5.8
Consumer price index	2.7	10.7	8.5	4.3
Fiscal balance (% of GDP)	-2.5	0.4	-0.1	-1.0
General government gross debt (% of GDP, Maastricht definition)	78.3	68.8	63.8	61.0



# The Recovery and Resilience Plan is furthering progress with reforms and investment

## Allocation and disbursement of NextGenEU grants and loans



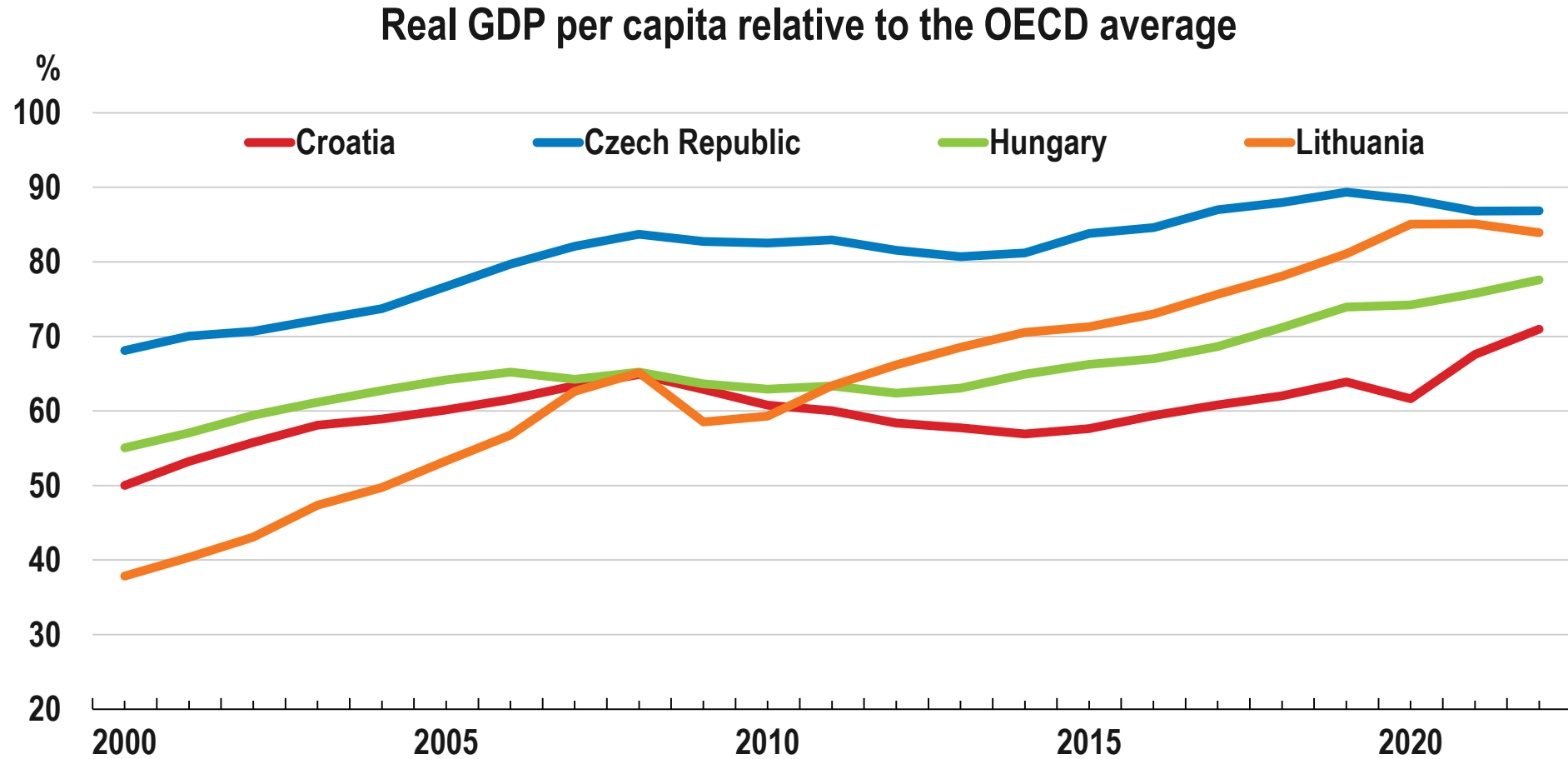
Note: Disbursements as of 16 June 2023.

Source: European Commission, Recovery and Resilience Scoreboard.





# Robust growth needs to continue for incomes to converge



Note: Real GDP per capita at 2015 prices and PPPs.

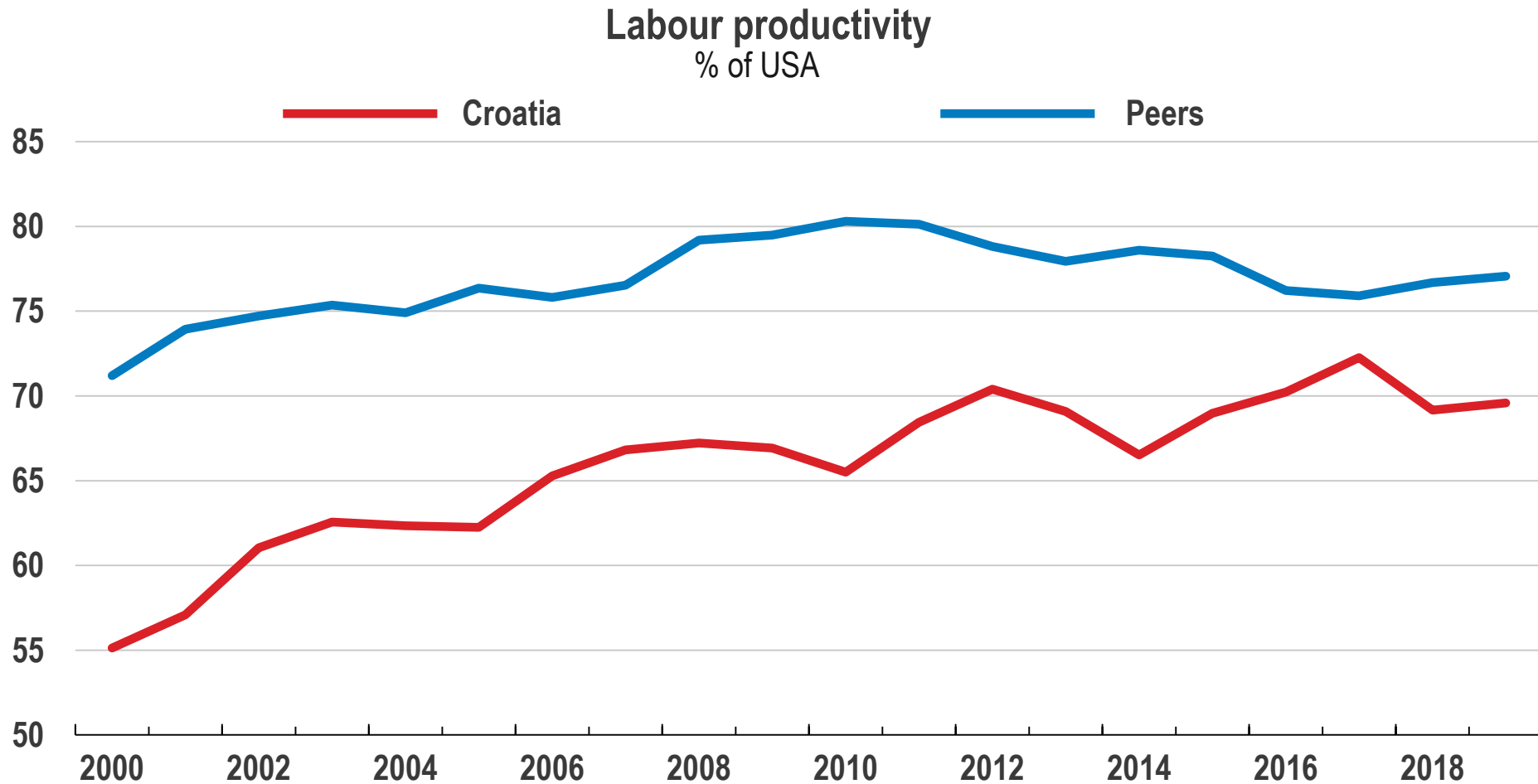
Source: OECD National Accounts database.

A woman with short blonde hair, wearing a blue work shirt, is focused on her work in a shoe factory. She is using a green industrial machine to work on a shoe. The background shows other workers and machinery in a large, well-lit industrial setting. In the top left corner, there is a logo consisting of two overlapping chevron shapes, one green and one grey.

**Achieving faster convergence by  
boosting productivity and investment**



# A more dynamic business environment would spur productivity growth

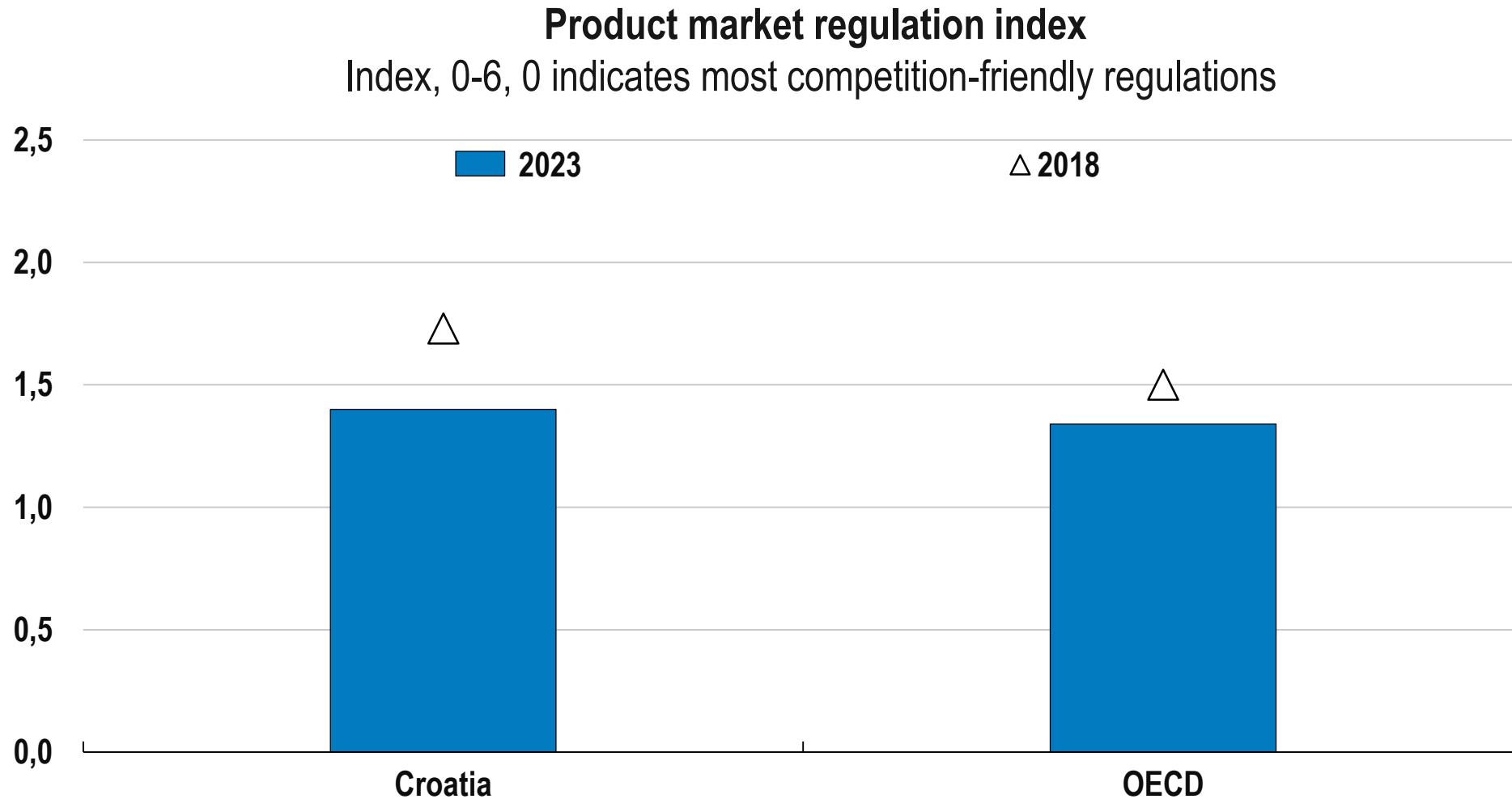


**Note:** Figure shows labour productivity as % of the USA values, taken to be the global technological frontier. Labour productivity is measured as real GDP at current USD at purchasing power parity, divided by number of persons employed. Peers is an average of the Czech Republic, Hungary, the Slovak Republic and Slovenia.

**Source:** Penn World Table Version 10.0; OECD calculations.



# Better monitoring regulatory burdens would unlock the benefits of ongoing reforms



**Notes:** OECD Product Market Regulation Index, preliminary 2018 and 2023 values applying the 2023 methodology.

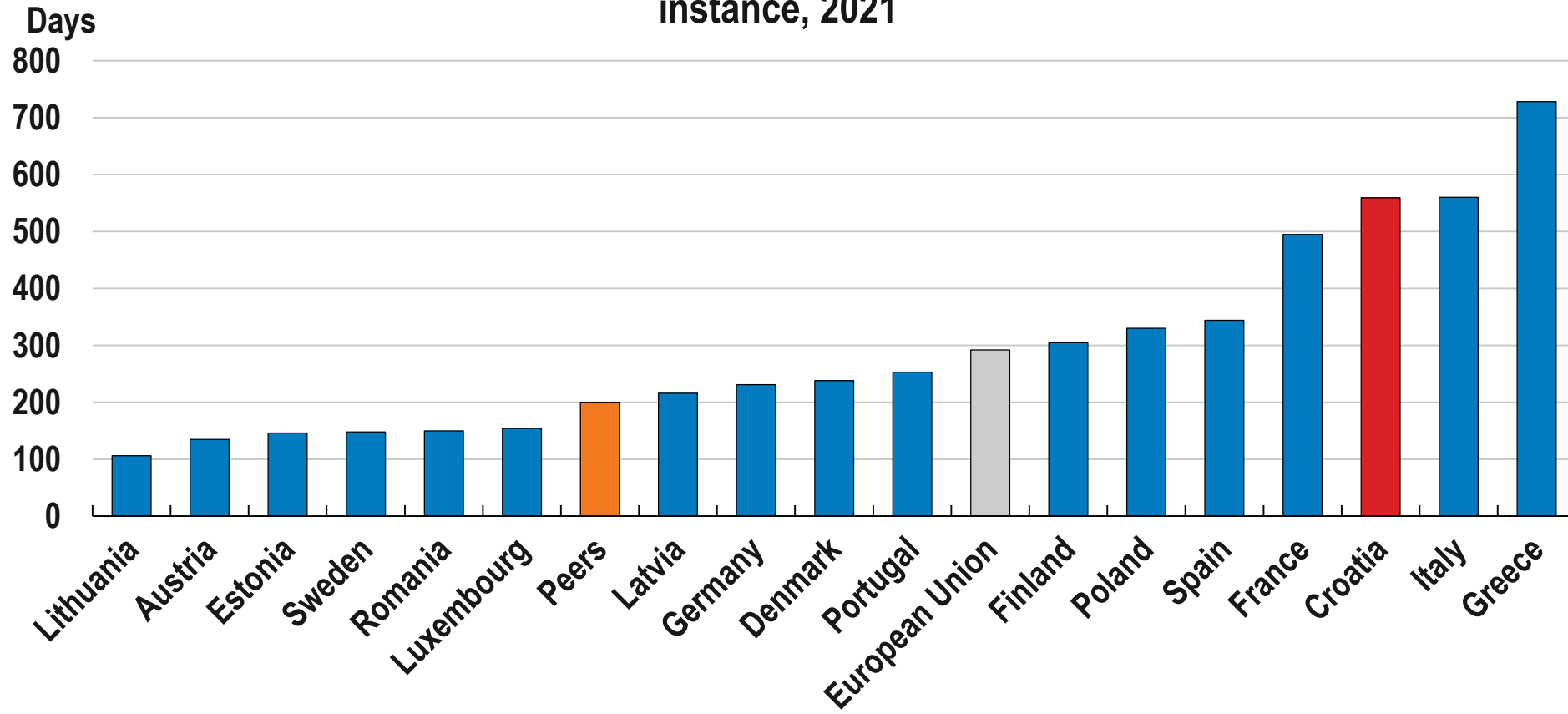
**Source:** OECD 2023 PMR database (July 2023).





# Encouraging out-of-court processes would make the judicial system more responsive

Estimated time to resolve litigious civil and commercial cases at first instance, 2021



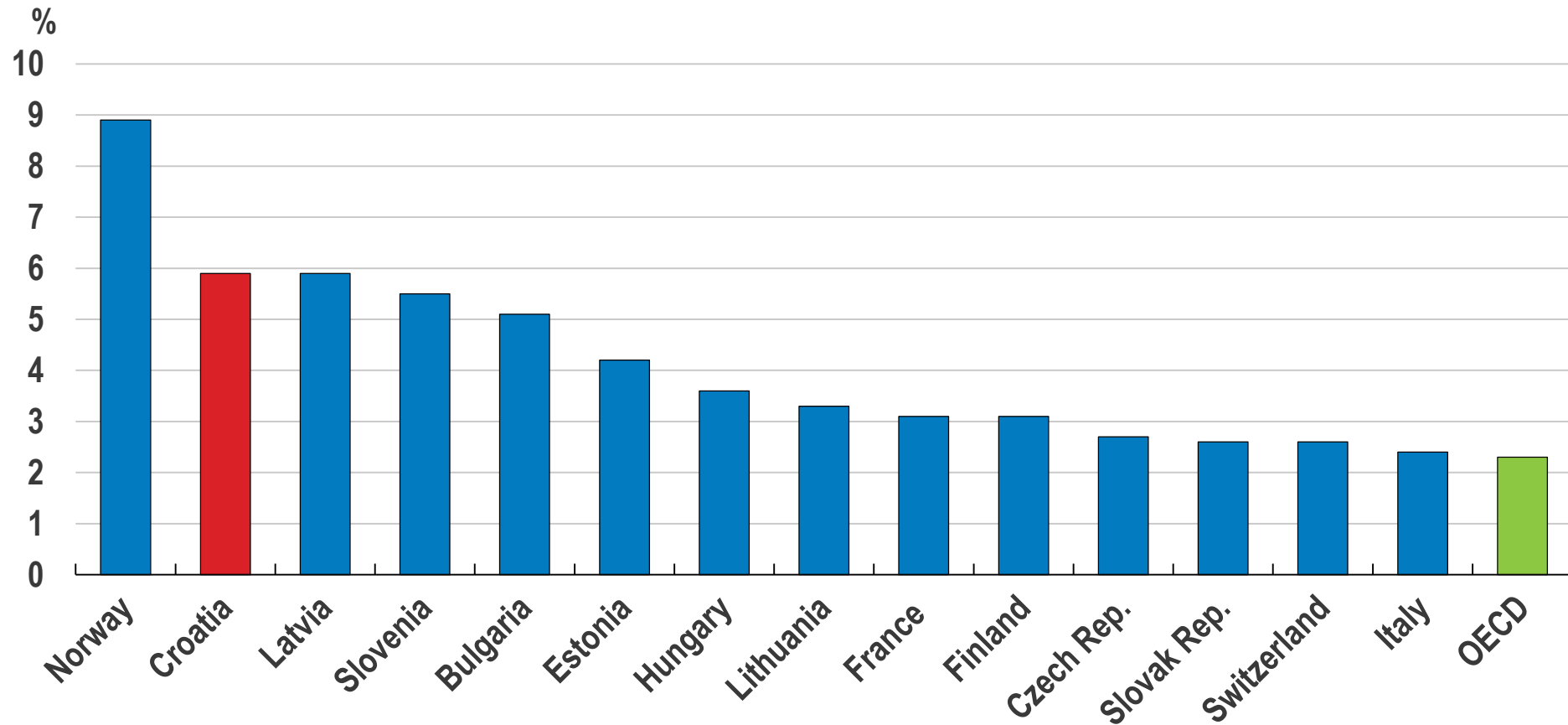
**Note:** Unweighted average for EU and Peers, which includes the Czech Republic, Hungary, the Slovak Republic and Slovenia.

**Source:** European Commission (2023), The 2023 EU Justice Scoreboard.



# Stronger governance of state-owned enterprises is key given their share in the economy

SOEs' share of total non-agricultural dependent employment, 2019

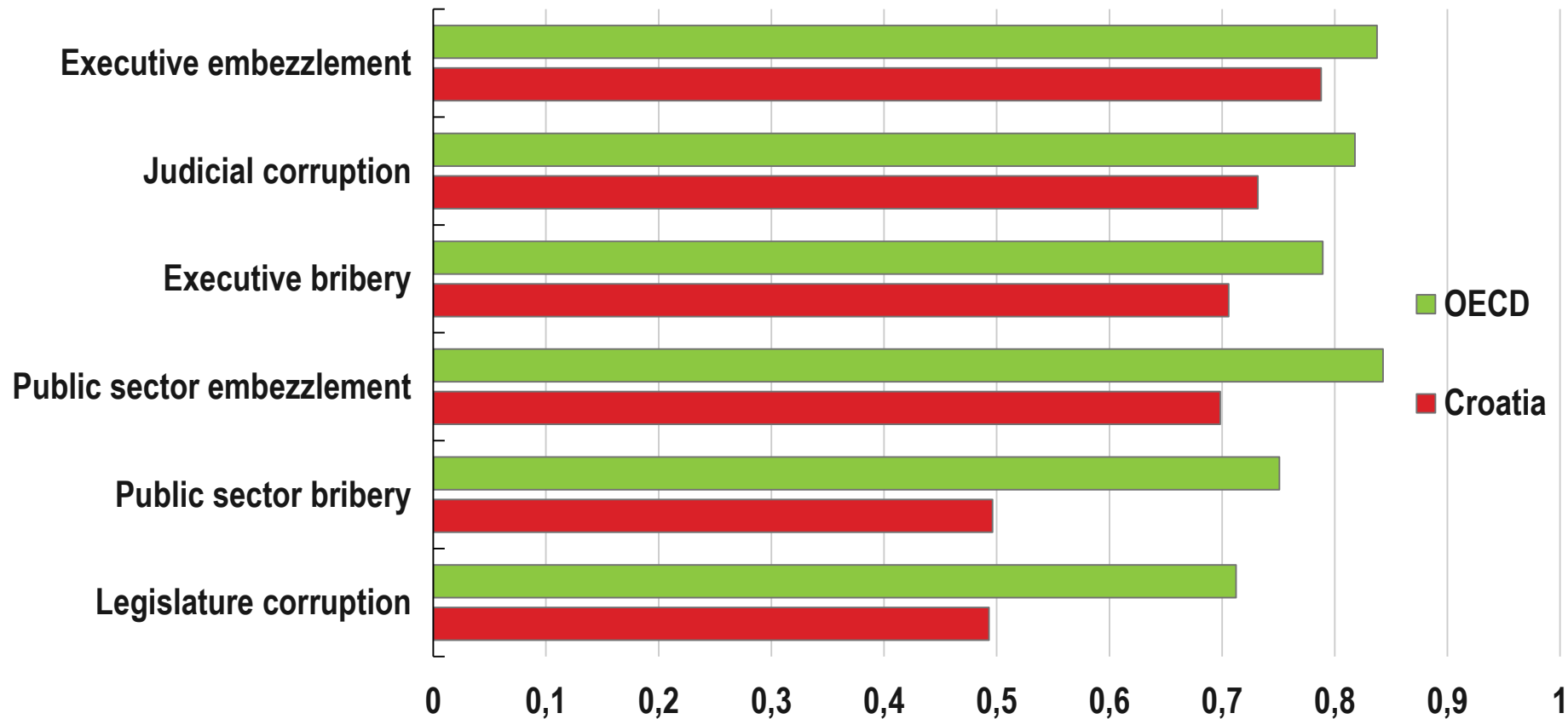






# Encouraging ethical behaviour among public officials would complement anti-corruption measures

Corruption by sector, “Control of Corruption”  
Scale: 0 (worst) to 1 (best), 2021



Note: Unweighted average for OECD.

Source: Varieties of Democracy Project, V-Dem Dataset v12.

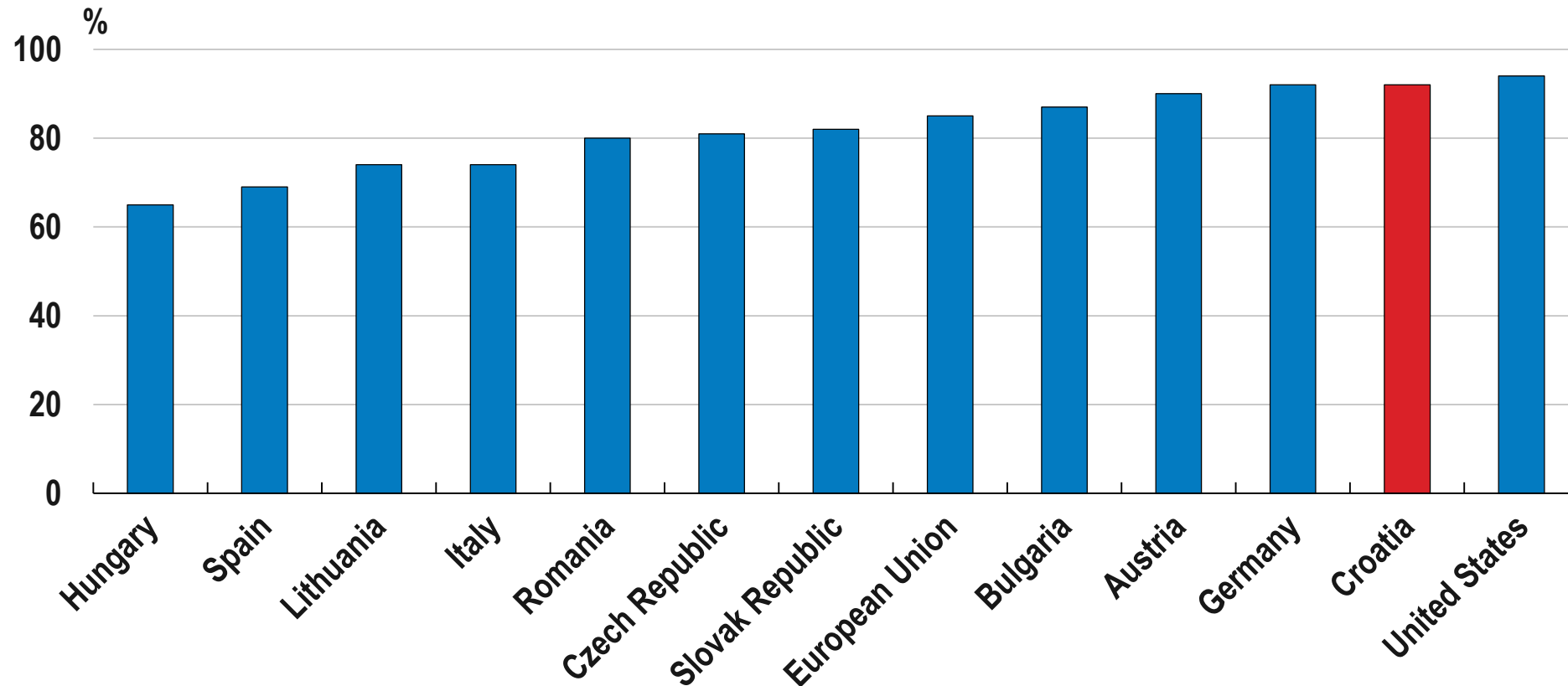
# Raising skills and participation to promote incomes and equality of opportunities





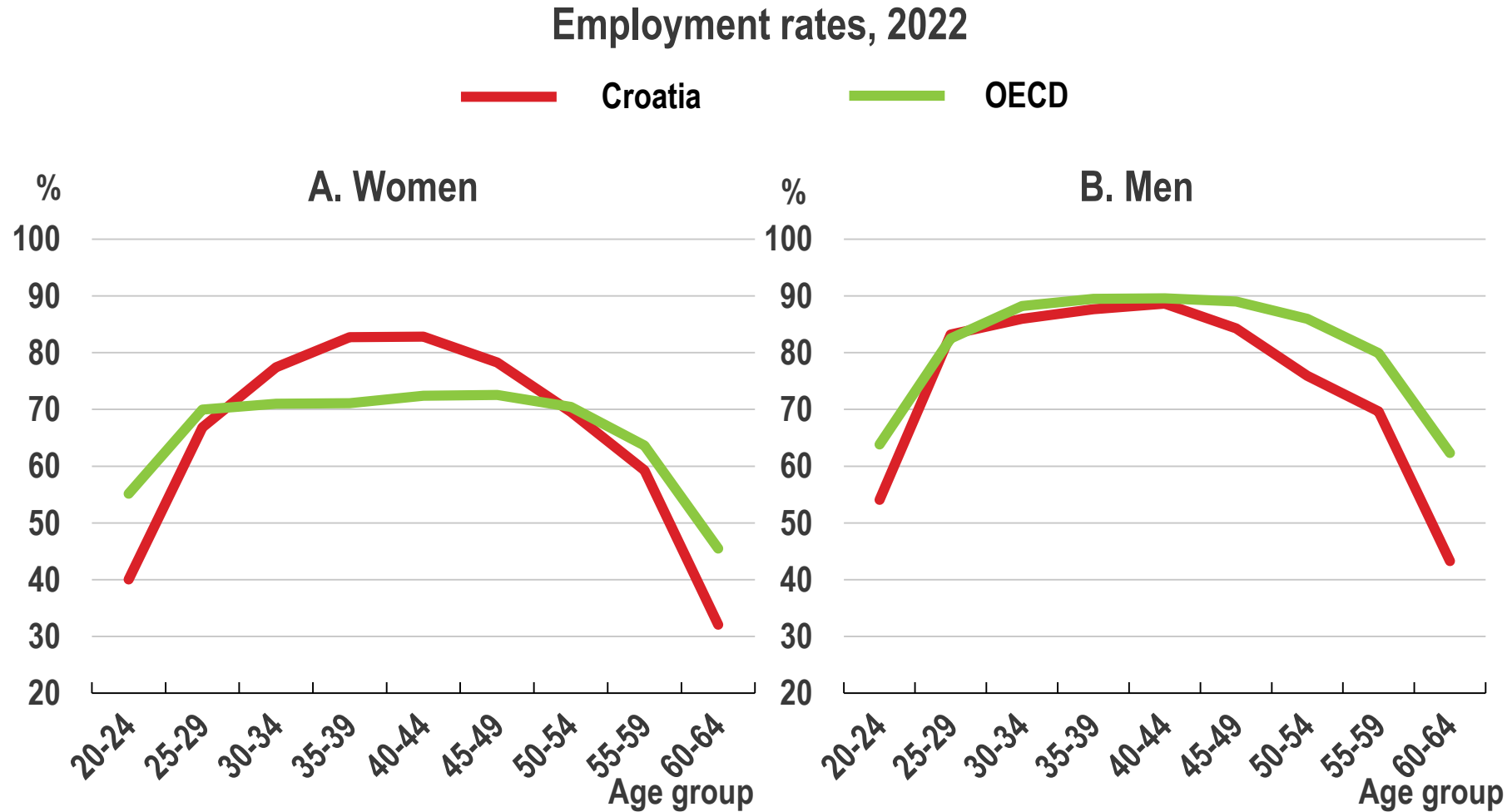
# A big push on training and activation would help solve shortages of skilled workers

Share of firms reporting lack of right skilled staff as an obstacle to investment, 2021





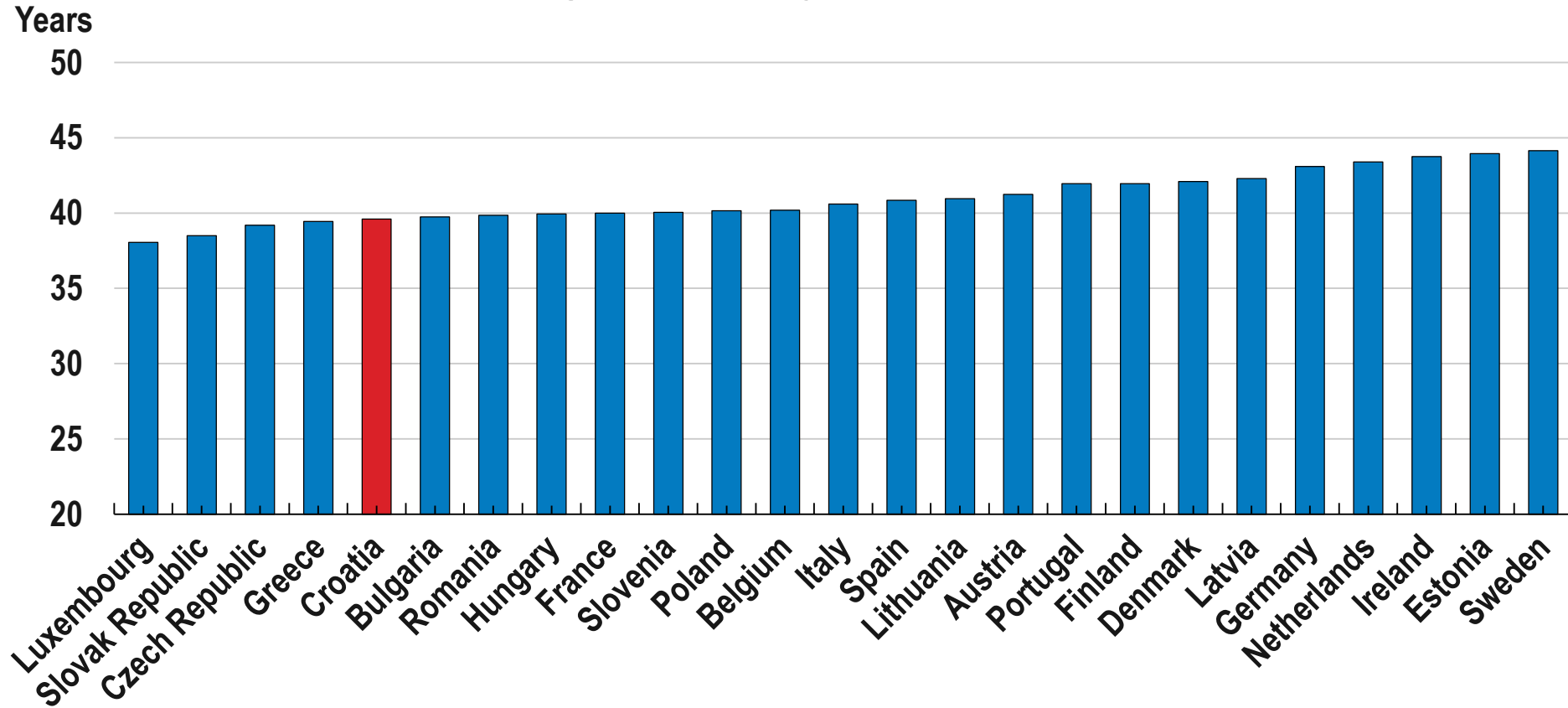
# Employment rates among younger and older persons can be strengthened





# Pension reform should encourage Croatians to retire later

Average number of years worked, 2019

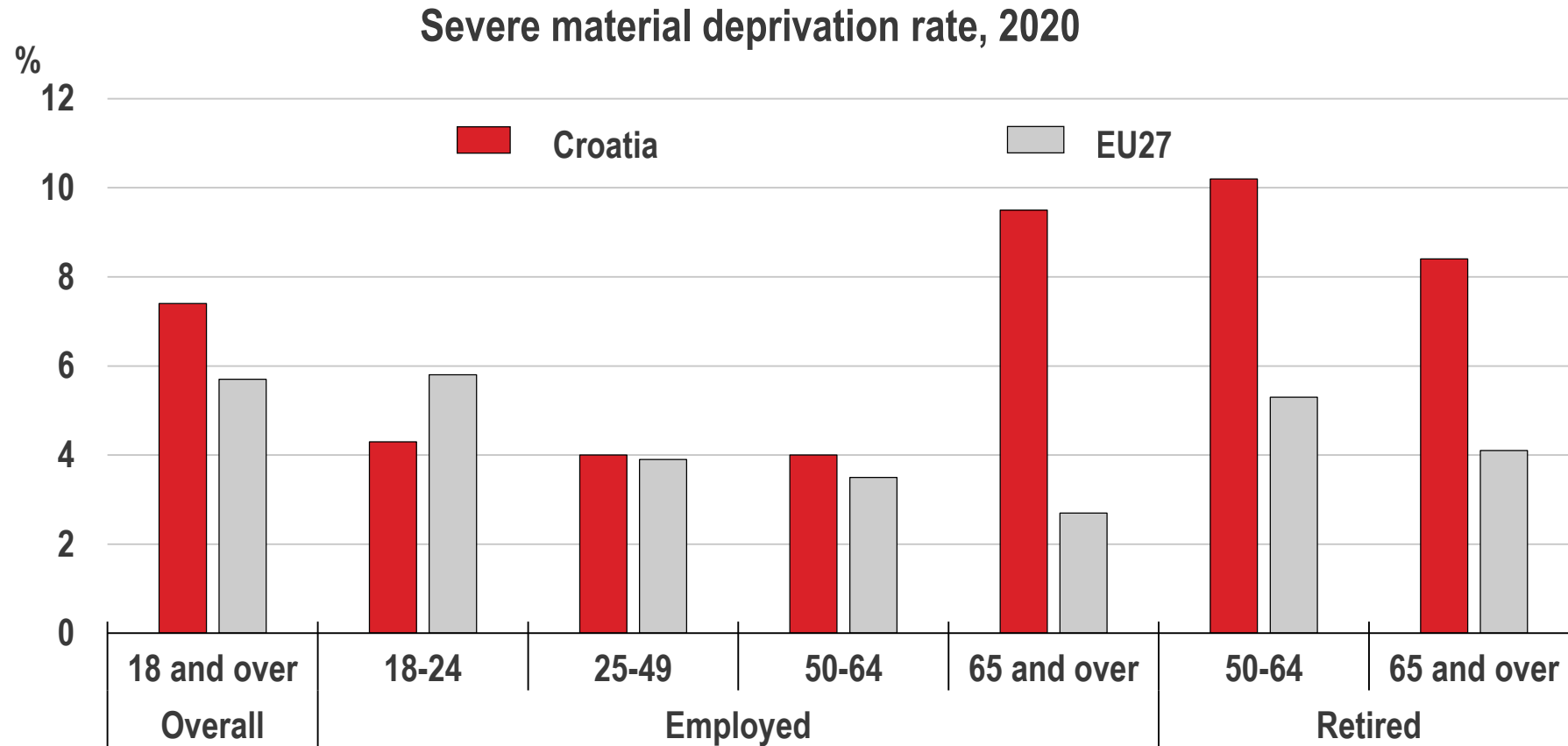


Note: An unweighted average across men and women is shown.

Source: European Commission (2021), Ageing report 2021



# Longer working lives would reduce old-age poverty



**Note:** The severe material deprivation rate is the share of respondents living in households unable to afford at least four of the following : unexpected expenses, a one-week annual holiday away from home, a meal involving meat, chicken or fish every second day, the adequate heating of a dwelling, durable goods like a washing machine, colour television, telephone or car, or are confronted with payment arrears.

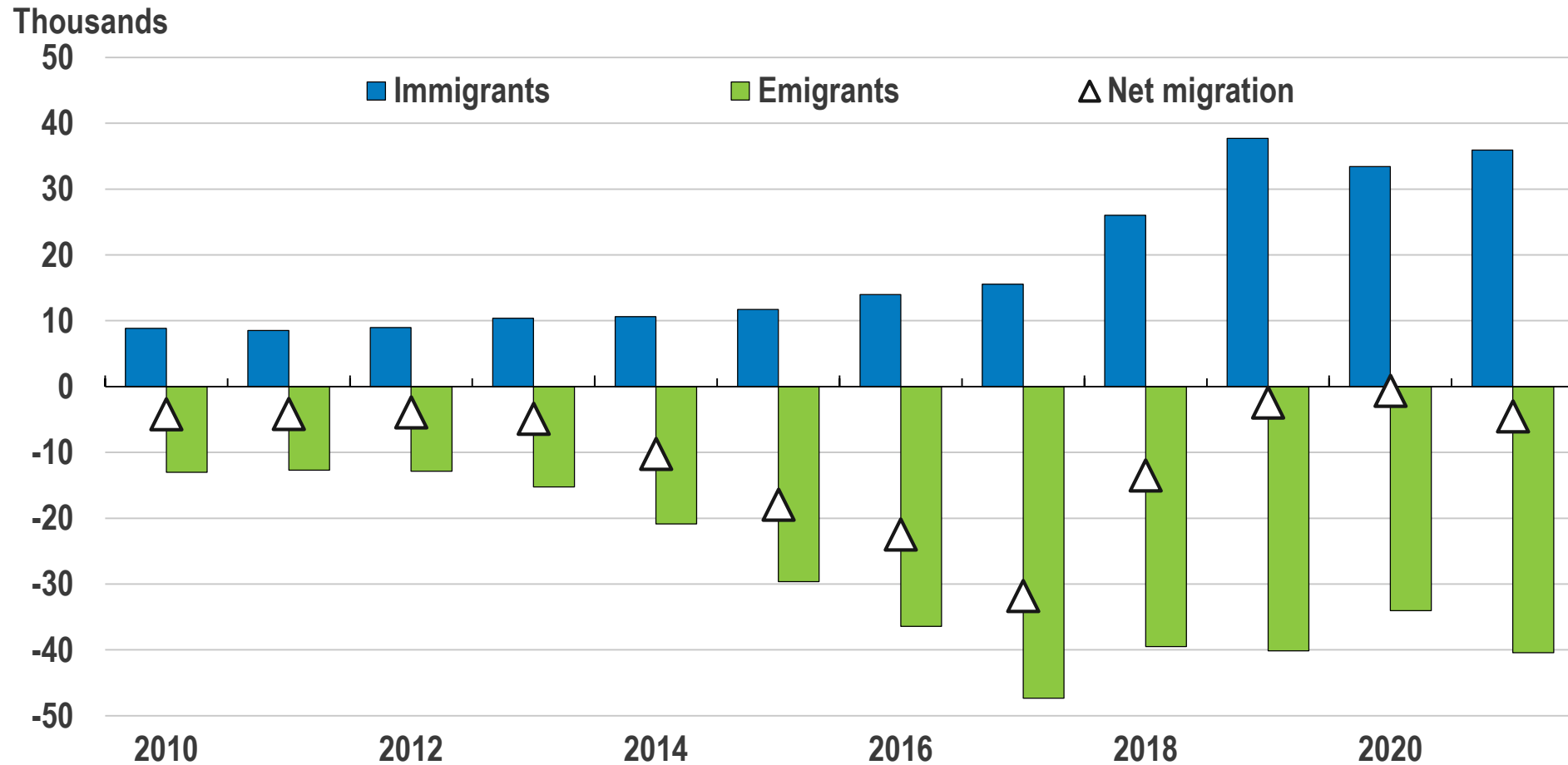
**Source:** Eurostat (2022), Income and Living Conditions (database).





# Attracting skilled immigrants and encouraging return migration would increase labour supply

Migration flows

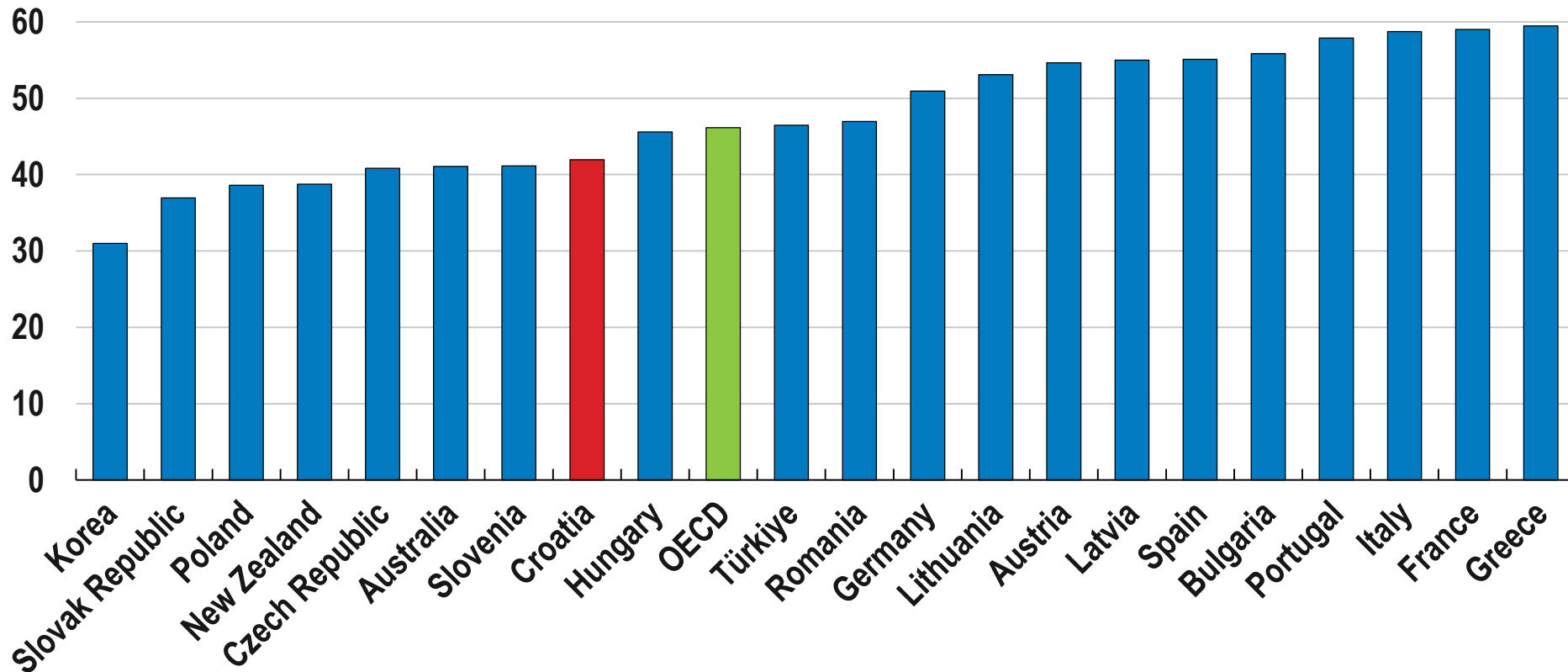




# Increasing housing supply and reforming property taxation would improve housing access and mobility

## Number of dwellings per 100 inhabitants

2020 or latest available year



Note: Unweighted OECD average.

Source: OECD Affordable Housing Database – <http://oe.cd/ahd>; European Statistical System, Census Hub website.



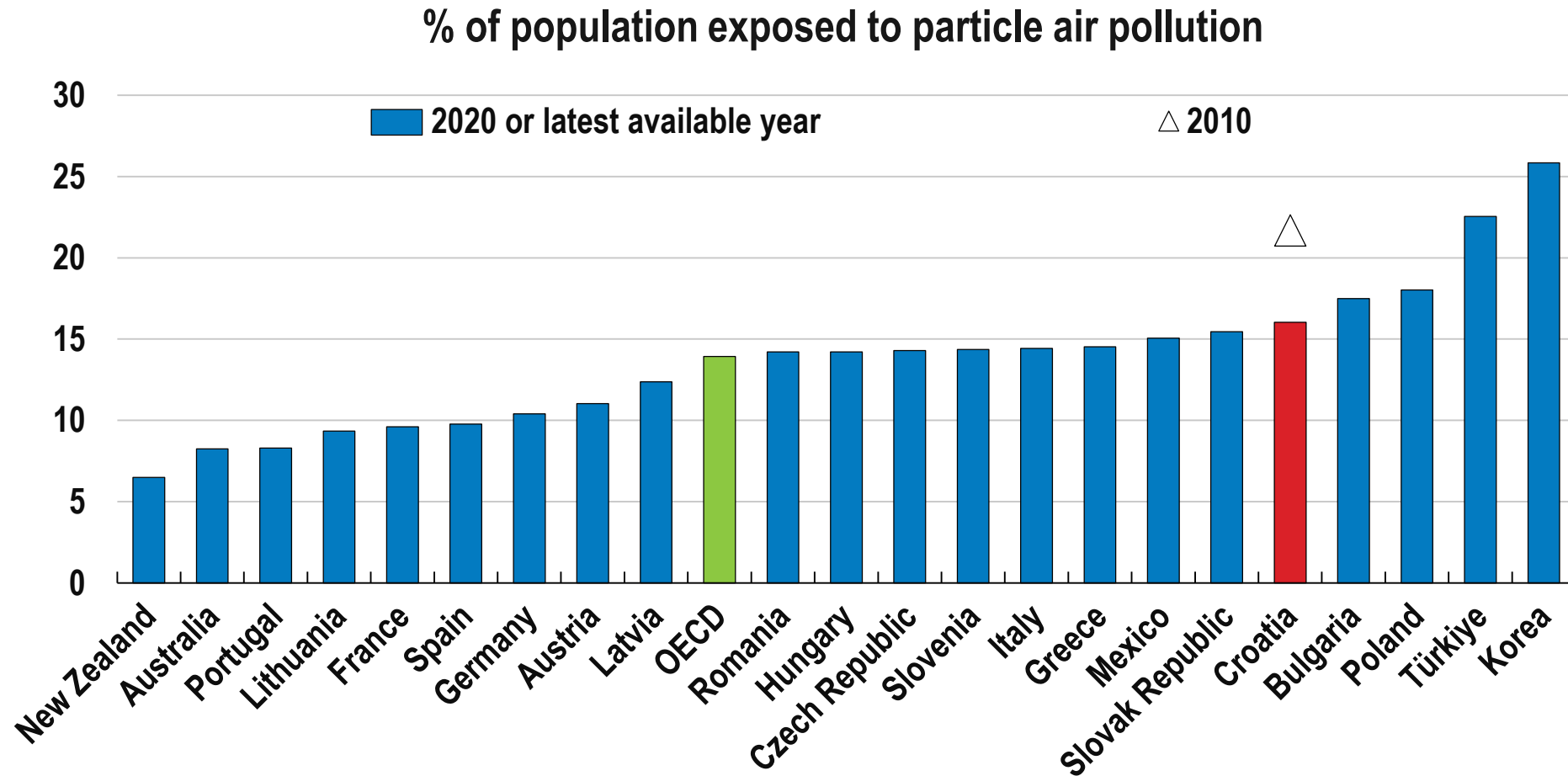


# Ensuring robust growth is also sustainable





# Further investing in public transport and restricting polluting cars would reduce air pollution

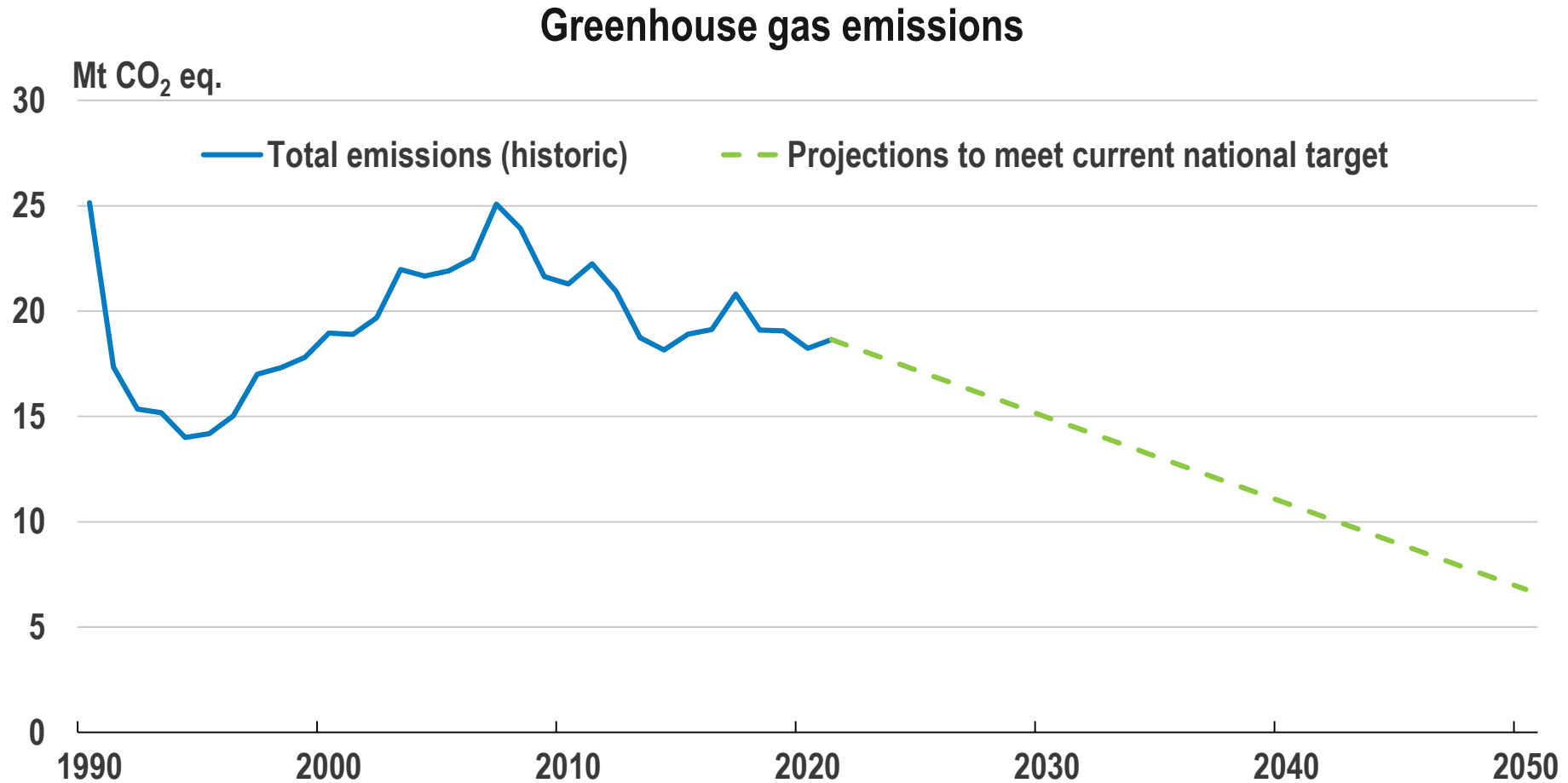


Note: Air pollution measured in PM2.5 particles.  
Source: OECD Environmental Statistics (database).





# Pricing greenhouse gas emissions consistently and investing in energy efficiency would help reduce emissions

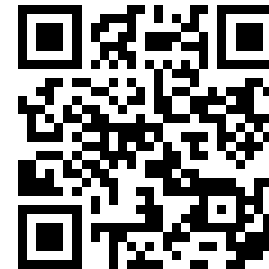
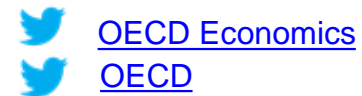


**Note:** GHG emissions include land use, land-use change and forestry (LULUCF).

**Source:** OECD (2022), Environment Statistics (database).



# For more information



[oe.cd/Croatia](https://oe.cd/Croatia)

**Disclaimers:**

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