

Introduction

Croatia is a country in Central Europe and Southeastern Europe on the Adriatic Sea. Neighboring countries include Bosnia and Herzegovina, Hungary, Montenegro, Serbia, and Slovenia. Geographically, Croatia is diverse with flat plains, low mountains, and islands. Croatia controls most land routes from Western Europe to the Aegean Sea and Turkish Straits. The government system is a presidential/parliamentary democracy. The chief of state is the president, and the head of government is the prime minister. Croatia has a mixed economic system which includes a variety of private freedom, combined with centralized economic planning and government regulation. Croatia is a member of the European Union (EU).



Location: Southern Europe

Capital City: Zagreb (+1 GMT)

Chief of State: President Zoran Milanovic

Head of Govt.: Prime Minister Andrej Plenkovic

Currency: Croatian Kuna (HRK)

Major Languages: <p>Croatian (official) 95.6%, Serbian 1.2%, other 3% (including Hungarian, Czech, Slovak, and Albanian), unspecified 0.2%</p>

Primary Religions: <p>Roman Catholic 86.3%, Orthodox 4.4%, Muslim 1.5%, other 1.5%, unspecified 2.5%, not religious or atheist 3.8%</p>

Calling Code: 385

Voltage: 230

Key Websites

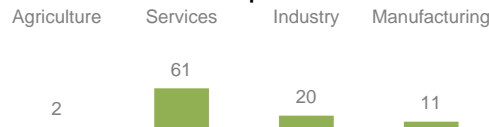
Main Government Page: vlada.gov.hr

Commerce Ministry: mingo.hr

Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	In Transition
GDP, PPP (current international \$):	\$155.62 billion (2022)
GDP growth (annual %):	6.33% (2022)
GDP per capita, PPP (current international \$):	\$40,379.57 (2022)
Manufacturing, value added (% of GDP):	11.09% (2022)
Current account balance (BoP, current US\$):	-\$1.46 billion (2022)
Inflation, consumer prices (annual %):	10.78% (2022)
Labor force, total:	1,727,065 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	6.75% (2022)
Imports of goods and services (current US\$):	\$46.32 billion (2022)
Exports of goods and services (current US\$):	\$43.04 billion (2022)

GDP Composition %



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

Index	Rank
Corruption Perceptions Index	62 / 178
Global Competitiveness Index	63 / 141
Global Enabling Trade Index	44 / 136
Index of Economic Freedom	46 / 176
International Logistics Performance Index (LPI)	49 / 160
Inward FDI Potential Index	56 / 139
KOF Index of Globalization	24 / 185
Networked Readiness Index (NRI)	54 / 139
Open Budget Index	25 / 114

Risk Assessment (Provided by Coface)

Country rating: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A2 - The business environment is good. When available, corporate financial information is reliable. Debt collection is reasonably efficient. Institutions generally perform efficiently. Intercompany transactions usually run smoothly in the relatively stable environment rated A2.

Strengths

- Long coastline; historical and natural heritage conducive to tourism
- Support from EU funds
- Quality infrastructure
- Diversification of energy sources even before the Russia-Ukraine war
- Member of the eurozone and Schengen area since 1 January 2023
- NATO member
- Low crime rate compared to the EU average

Weaknesses

- Dependence on tourism (25% of GDP) originating from Europe
- High levels of private and public debt
- Institutional shortcomings: lack of efficiency in administration, healthcare, and justice; overlap of administrative levels, corruption
- Low industrial diversification/lack of competitiveness
- Labour shortages fuelled by the emigration of skilled workers and population decline
- Cumbersome and inefficient bureaucracy
- Vulnerability to climate risks (droughts, floods, wildfires)

U.S. Embassy

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