Croatia

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).

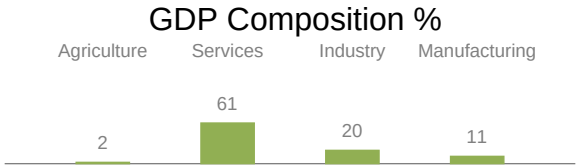
Location: Southern Europe
Capital City: Zagreb (+1 GMT)
Chief of State: President Zoran Milanovic
Head of Govt.: Prime Minister Andrej Plenkovic
Currency: Croatian Kuna (HRK)
Major Languages: Croatian (official) 95.6%, Serbian 1.2%, other 3% (including Hungarian, Czech, Slovak, and Albanian), unspecified 0.2%
Primary Religions: Roman Catholic 86.3%, Orthodox 4.4%, Muslim 1.5%, other 1.5%, unspecified 2.5%, not religious or atheist 3.8%
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)



**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: A4 - A somewhat shaky political and economic outlook and a relatively volatile business environment can affect corporate payment behavior. Corporate default probability is still 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
- Oil and gas potential
- The country joined ERM II in 2020, perspectives of joining the Eurozone in 2023
- Support of EU funds
- High-quality infrastructure

Weaknesses

- Dependence on tourism (20% of GDP), which has strongly suffered from the pandemic
- Private and public debt still high
- Institutional gaps: inefficient administration, health and justice; overlapping administrative levels, corruption
- Time-consuming and inefficient business insolvency procedure
- Low industrial diversification / lack of competitiveness
- High youth unemployment (20% in September 2021), low participation of women
- Labor shortages fueled by emigration of skilled workers and a declining population

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