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 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 %

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2%</td>
</tr>
<tr>
<td>Services</td>
<td>61%</td>
</tr>
<tr>
<td>Industry</td>
<td>20%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11%</td>
</tr>
</tbody>
</table>

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

### Rankings

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

### Risk Assessment (Provided by Coface)

**Country rating:** A4 - A somewhat shaky political and economic 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

### U.S. Embassy

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10010 Zagreb  
Croatia  
Tel: 385-1-661-2200  
https://hr.usembassy.gov

Country Memo Provided by: globalEDGE.msu.edu and TRADE.GOV