

## **CROATIA ECONOMY REPORT**

Q1 2020

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## MACROECONOMIC SNAPSHOT

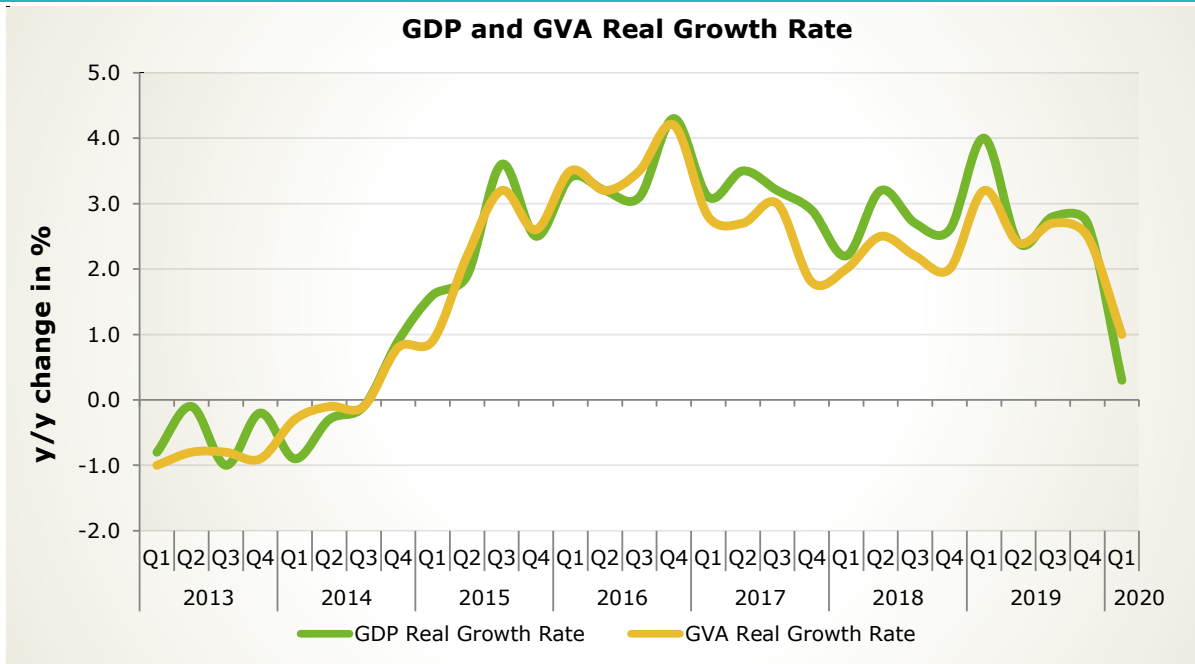
CROATIA – MACROECONOMIC SNAPSHOT AS OF Q1 2020	
<b>GDP Growth</b>	0.3% y/y
<b>Business confidence indicator</b>	103.3
<b>Industrial output</b>	-4.9% y/y
<b>Industrial sales</b>	-0.2% y/y
<b>Wholesale</b>	6.3% y/y
<b>Retail sales</b>	2.0% y/y
<b>Average annual inflation</b>	0.9%
<b>Unemployment rate</b>	7.0%
<b>Number of building permits</b>	-10.0% y/y
<b>Money supply growth</b>	11.2% y/y
<b>Household loans</b>	6.7% y/y
<b>Gross external debt</b>	EUR 40.4 bln
<b>Current account gap</b>	EUR 1.5 bln
<b>FDI inflow</b>	EUR 435.0 mln
<b>Foreign trade deficit</b>	EUR 2.4 bln

## 1. NATIONAL ACCOUNTS

## 1.1. GROSS DOMESTIC PRODUCT

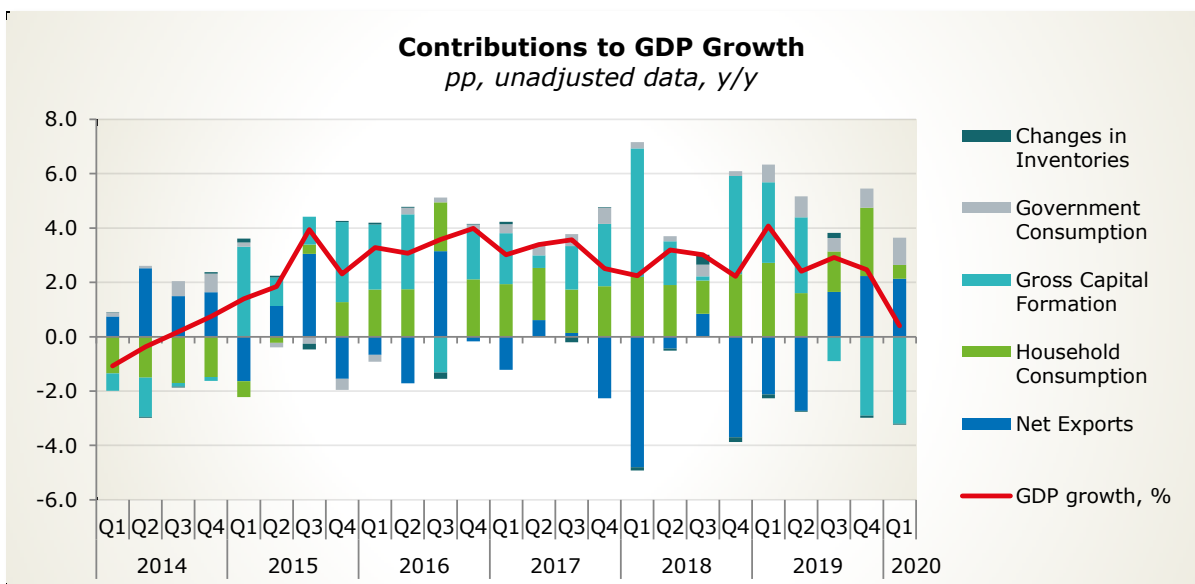
*GDP growth slowed down in Q1 2020, to 0.3% y/y*

The Croatian economy expanded by 0.3% y/y in Q1 2020, Croatian Bureau of Statistics (DZS) reported. This marked a five-year bottom for seasonally and calendar adjusted growth rate in a quarter. This slowdown was an early sign for the historic drop to come in the second quarter, caused by the COVID-19 pandemic. It is estimated as one of the sharpest in SEE, exceeding 15.0% y/y. According to the IMF, World Bank and the European Commission, the severe blow on the local economy between March and June will result in a double-digit full-year GDP decrease. The level of uncertainty in the global economic conditions continues to be very high, especially in the light of recurring surge of infection numbers throughout Europe in October, and further pessimistic revisions of the recovery prospects can be made until the end of 2020.



Source: Eurostat

The main contributor to the growth was the net exports, which added 2.1 pp to the real GDP growth in Q1 2020, mainly as a result of Croatian imports narrowing faster than exports in times of trade and movement restrictions, followed by government consumption with 1.0 pp. Household consumption added another 0.5 pp, while sharply shrinking gross capital formation took away 3.2 pp.



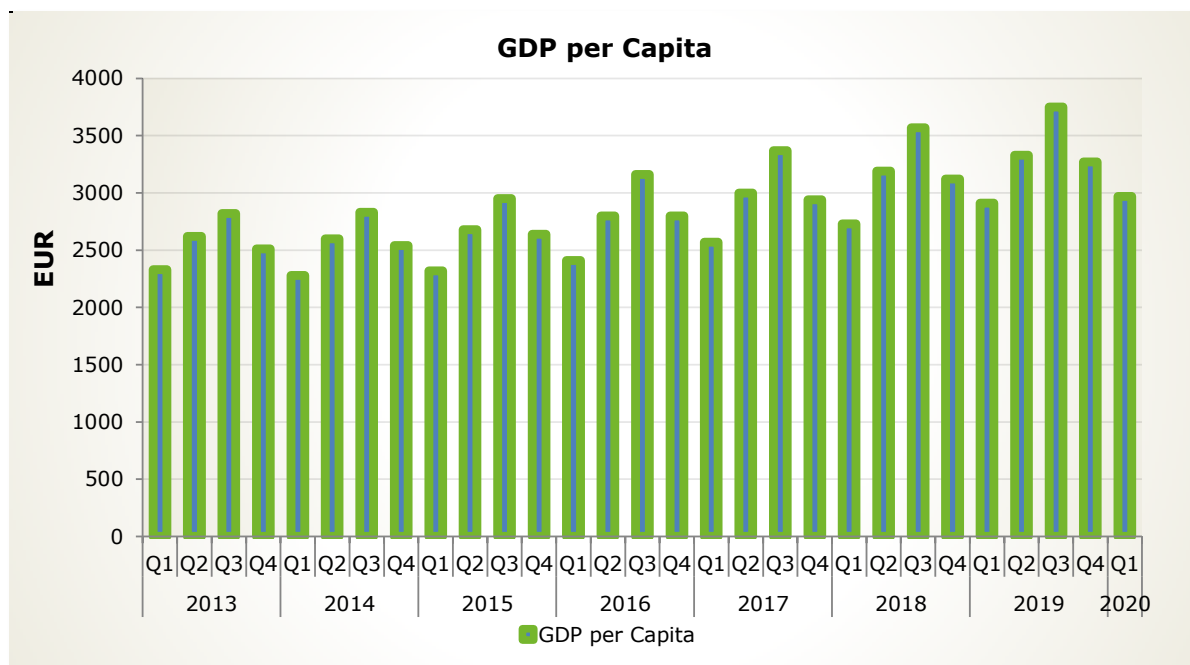
Source: SeeNews calculations; Eurostat

Note: Non-additive data due to direct chain-linking of GDP and its components. Contribution of changes in inventories has been derived as a residual.

## 1.2. GDP PER CAPITA

GDP per capita up 2.1% in Q1 2020

GDP per capita stood at EUR 2,970 in Q1 2020, up by 2.1% from the same period of the previous year. Since GDP per capita has a strongly seasonal character, due mainly to summer tourism, which together with its related sectors is the most important component of the Croatian economy, the first quarter is traditionally the weakest. In Q1 2020 it decreased by 9.2% on a quarterly basis.

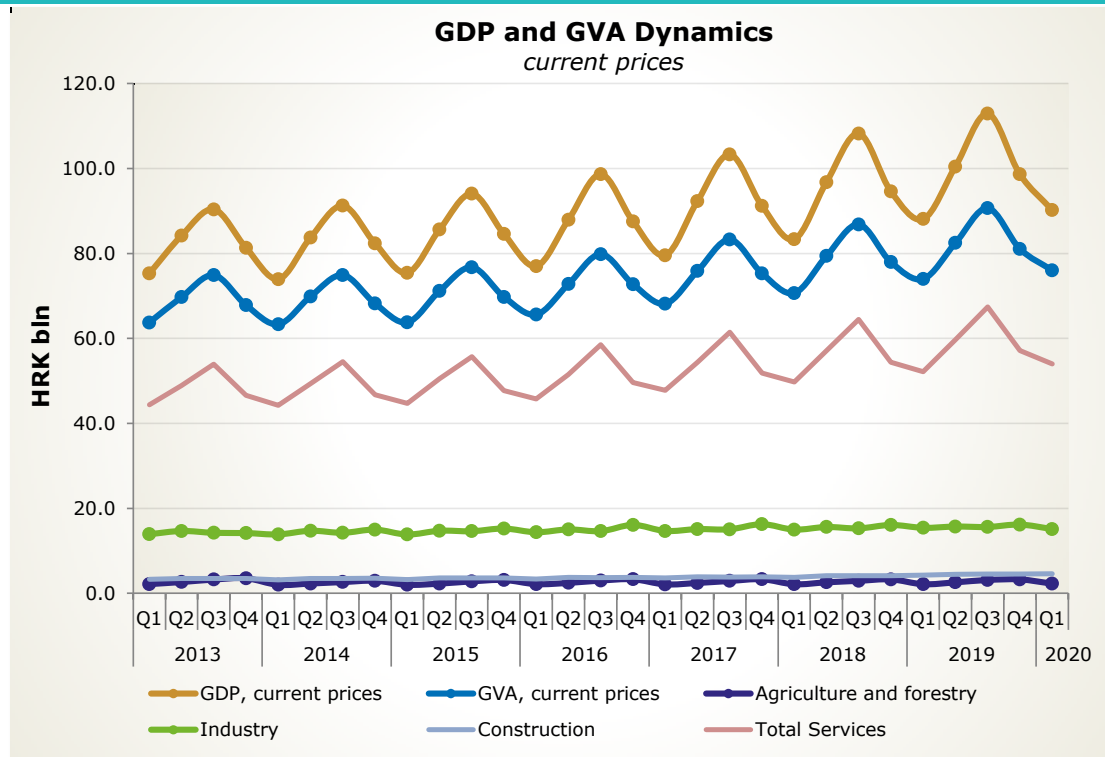


Source: Eurostat

### 1.3. GROSS VALUE ADDED

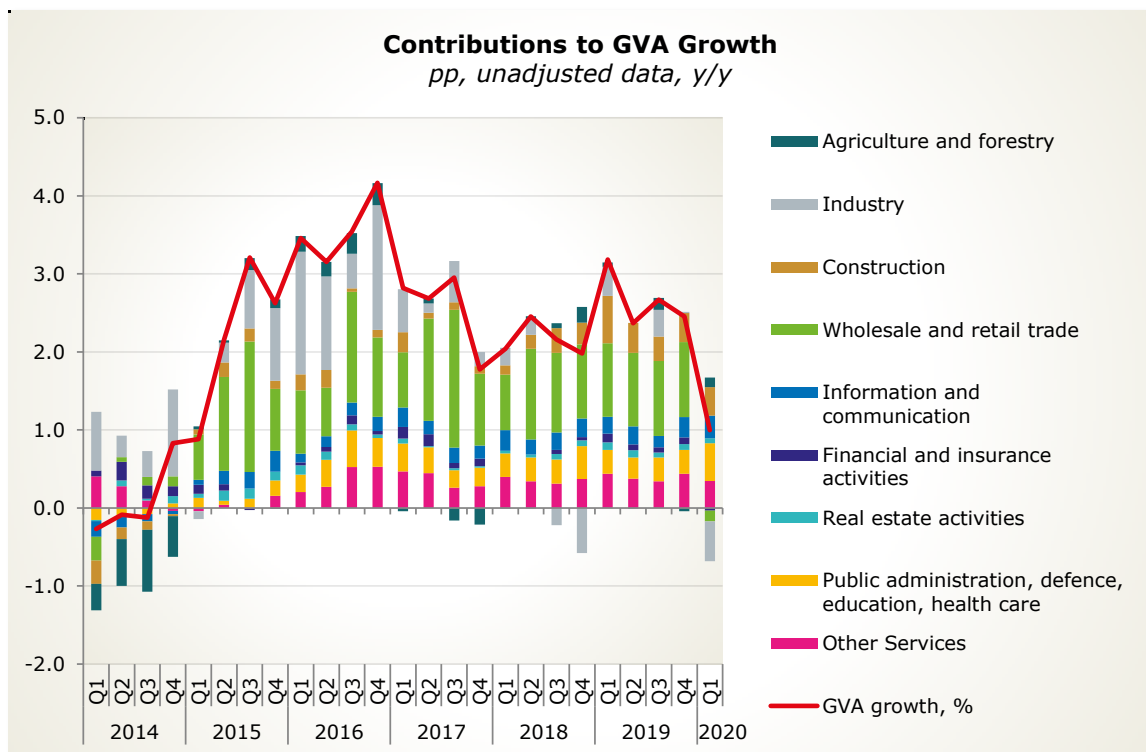
#### GVA up by 1.0% y/y on the back of the, services sector

The unadjusted gross value added (GVA) of the Croatian economy went up by 1.0% y/y in real terms in Q1 2020 and totalled HRK 76.024 bln in current prices. The services sector grew by 3.5% y/y in value terms. Despite being the third fastest growing branch in the economy, behind construction with annual growth rate of 8.1% and agriculture and forestry with 6.7%, services had the largest impact on total growth, contributing by 1.0 pp, due to its dominant share in the economy. All service subsectors with the exception of wholesale and retail and finance and insurance had a positive contribution to Croatia's GVA in the first three months of 2020.



Source: Eurostat

Among the other major sectors of the economy, construction and agriculture and forestry had contributions of 0.4 pp and 0.1 pp, respectively. Industry, which registered an annual decline of 1.9%, took away 0.5 pp from the real GVA growth.



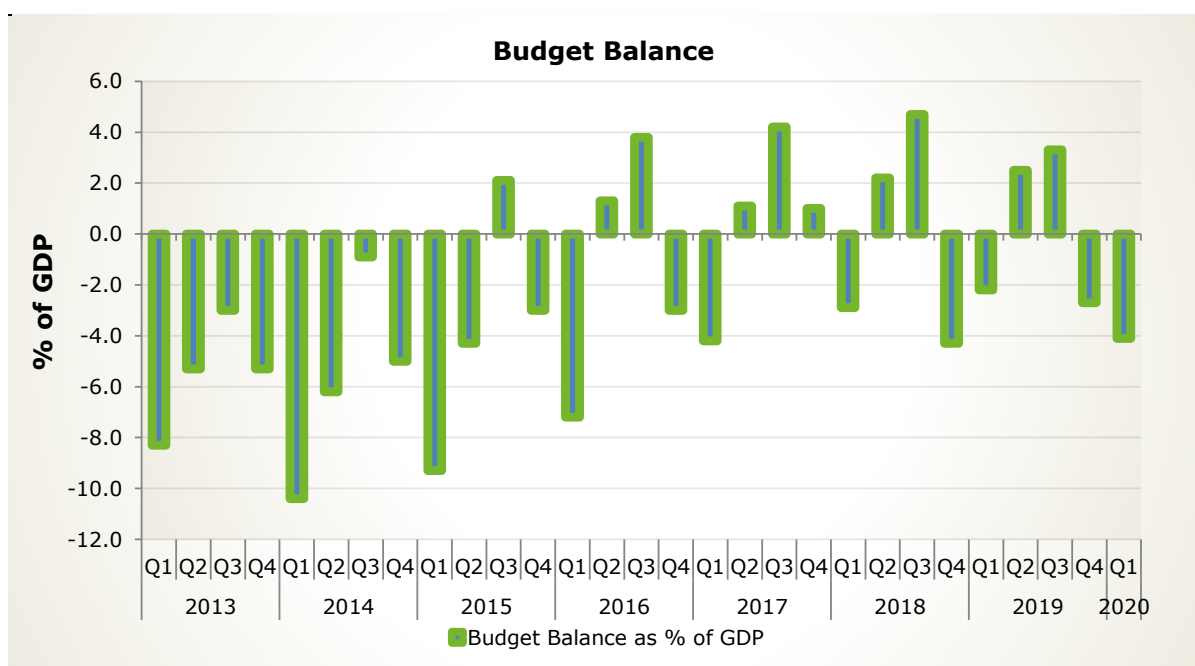
Source: SeeNews calculations; Eurostat

Note: Non-additive data due to direct chain linking of GDP and its components.

## 1.4. BUDGET BALANCE

### Budget deficit at 4.1% of GDP in Q1 2020

The budget balance of the Croatian government in Q1 2020 stayed negative, traditionally for the beginning of the year, at 4.1% of GDP. Compared to the same quarter of the previous year, when it amounted to 2.2% of GDP, the gap almost doubled. Additional government spending in the form of economic incentive packages and social payments to combat the negative impact of the coronavirus crisis, paired with diminishing tax revenues resulting from weak economic activity and regulatory changes delaying tax payment deadlines, will further deepen the budget deficit for the rest of the year.



Source: Eurostat

## 2. OUTPUT AND CONSUMPTION

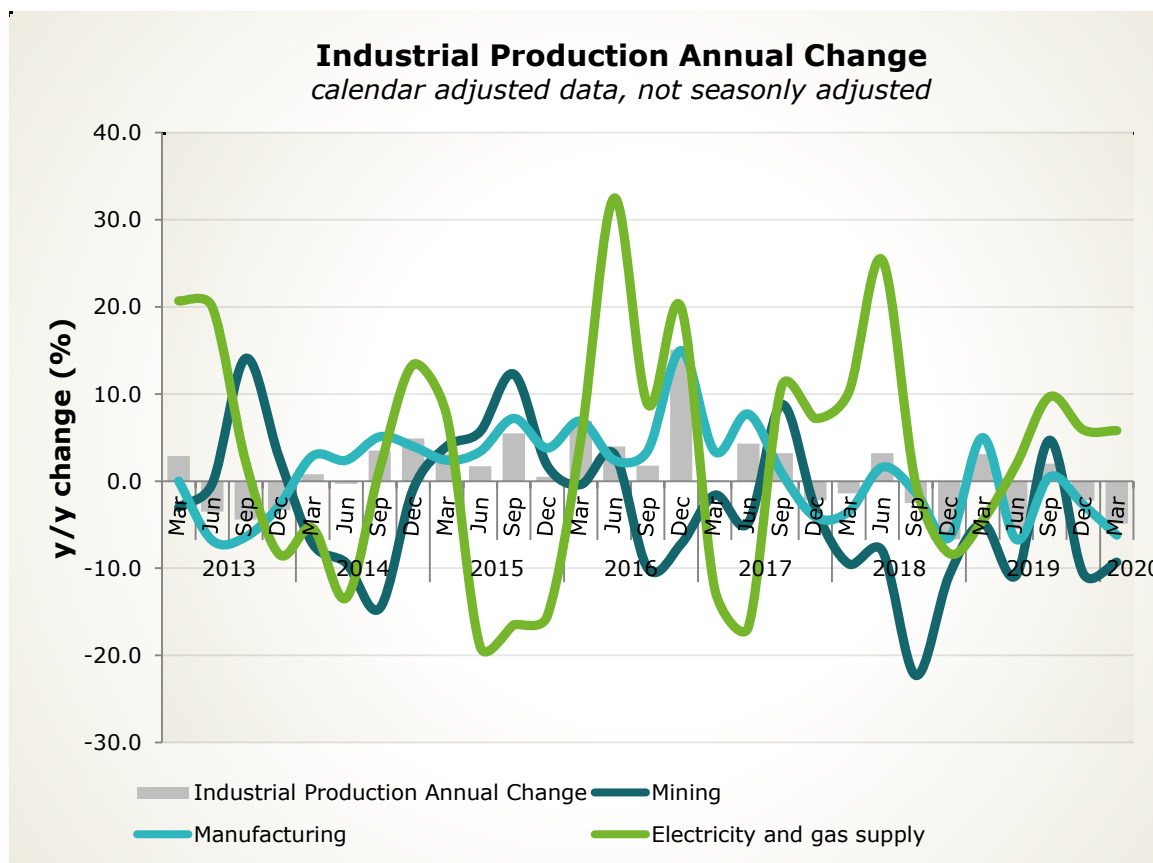
### 2.1. INDUSTRIAL PRODUCTION

#### Industrial production down by 4.9% annually in March 2020

In March 2020, industrial production in Croatia narrowed by 4.9%, according to Eurostat. The drop can be attributed partially to the COVID-19 furlough, which was launched in mid-March, but it also reflects an established downward trend in Croatia's industry – Q1 2020 was the seventh out of the last ten quarters with negative annual change in industrial production.

The electricity and gas supply sector was the only one to record an annual growth in March, by 5.8%, but this is due to the low base in March 2019 of this traditionally volatile indicator in the winter period.

Mining continued its slide, with 9.3% y/y, indicating an ongoing cyclical drop in this sector in Croatia. Manufacturing suffered a hard blow in the second half of March, with entire branches stopping operations, and slumped by 6.2% y/y.



Source: Eurostat

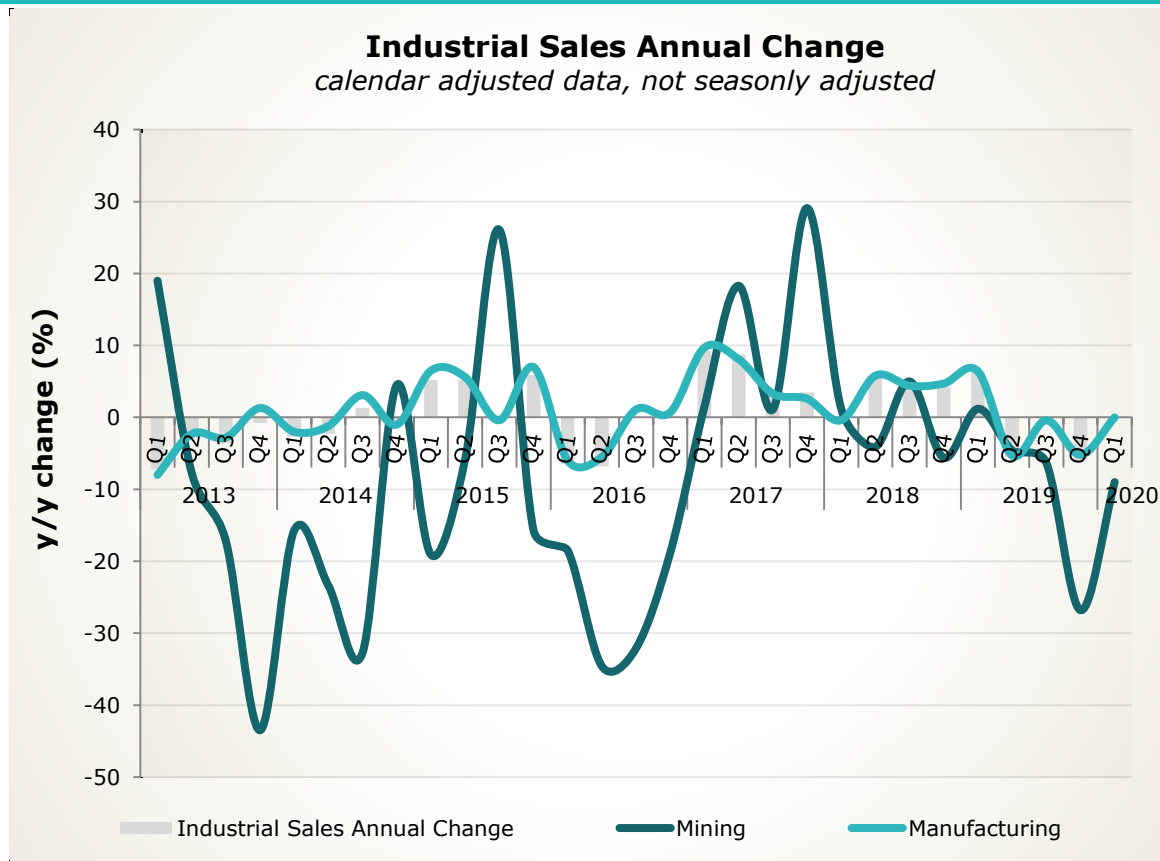
## 2.2. INDUSTRIAL SALES

### Industrial sales down by 0.2% y/y in Q1 2020

Industrial sales inched down by 0.2% y/y in the first quarter of 2020, according to Eurostat, for the fourth consecutive quarter. The decline was in line with the weaker industrial sector in Croatia even prior to the onset of the COVID-19 pandemic. Croatia's industrial sales contracted at a lower rate than the EU average drop of 5.1% y/y.

The bulk of the decrease in Q1 2020 was due to the 9.0% fall in sales in the mining sector, while manufacturing industrial sales equalled those in the year-ago quarter. Since the lockdown covered a limited period of the first three months, but almost the entire second quarter, the negative impact on industrial sales will be reflected in the Q2 2020 figures.





Source: Eurostat

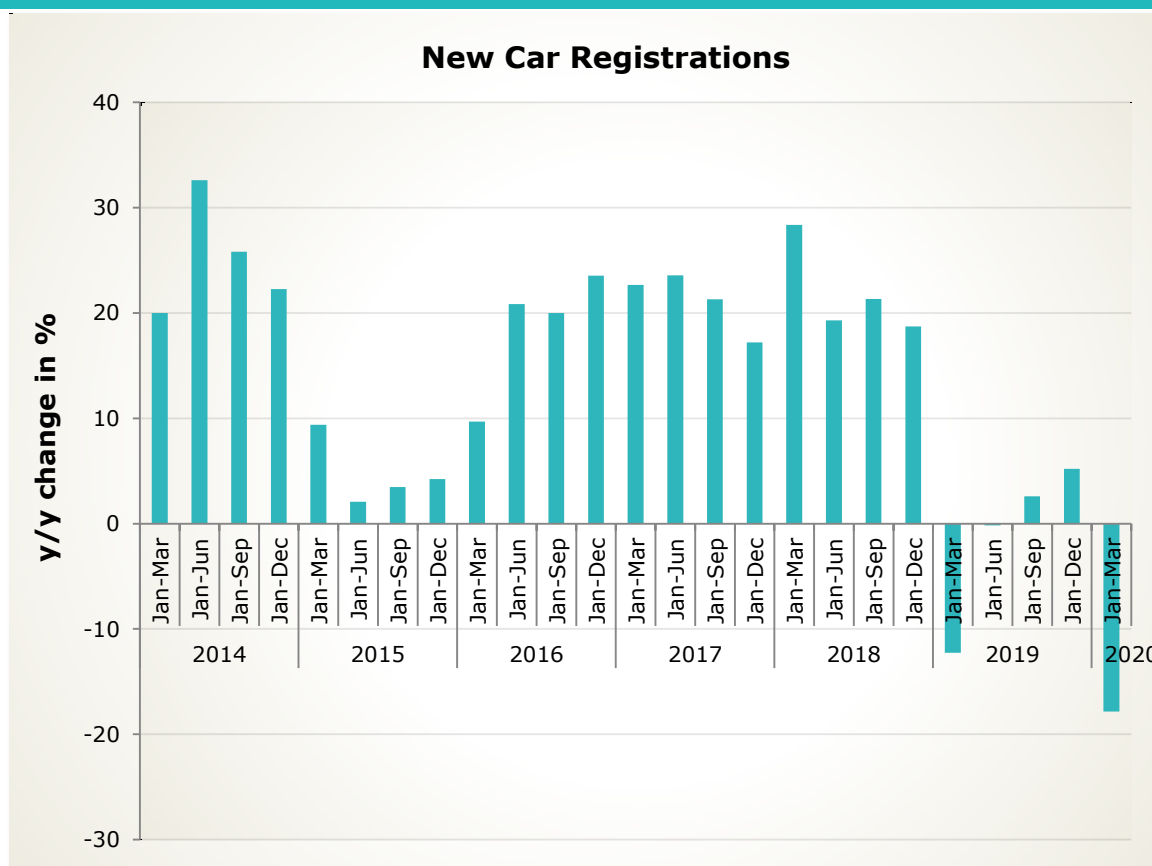
## 2.3. NEW CAR REGISTRATIONS

### *New car registrations with record drop in Q1 2020*

In the first quarter of 2020 new car registrations in Croatia fell by 17.8% y/y, according to ACEA. Although this being a record drop within one quarter, Croatia's new cars market was the least hit by the COVID-19 crisis among the EU members in SEE and the only one in the region experiencing a smaller drop than the EU average of 25.6%.

In March 2020 alone, the slump reached 46.2% y/y, but still better than the EU average and the regional peers Romania and Bulgaria. The slowdown was already evident in 2019, which saw growth rates much lower than in the years until 2018.

The standstill in new car registrations is expected to persist in the short term, aggravated by the simultaneous shocks in both supply and demand in the rest of 2020.



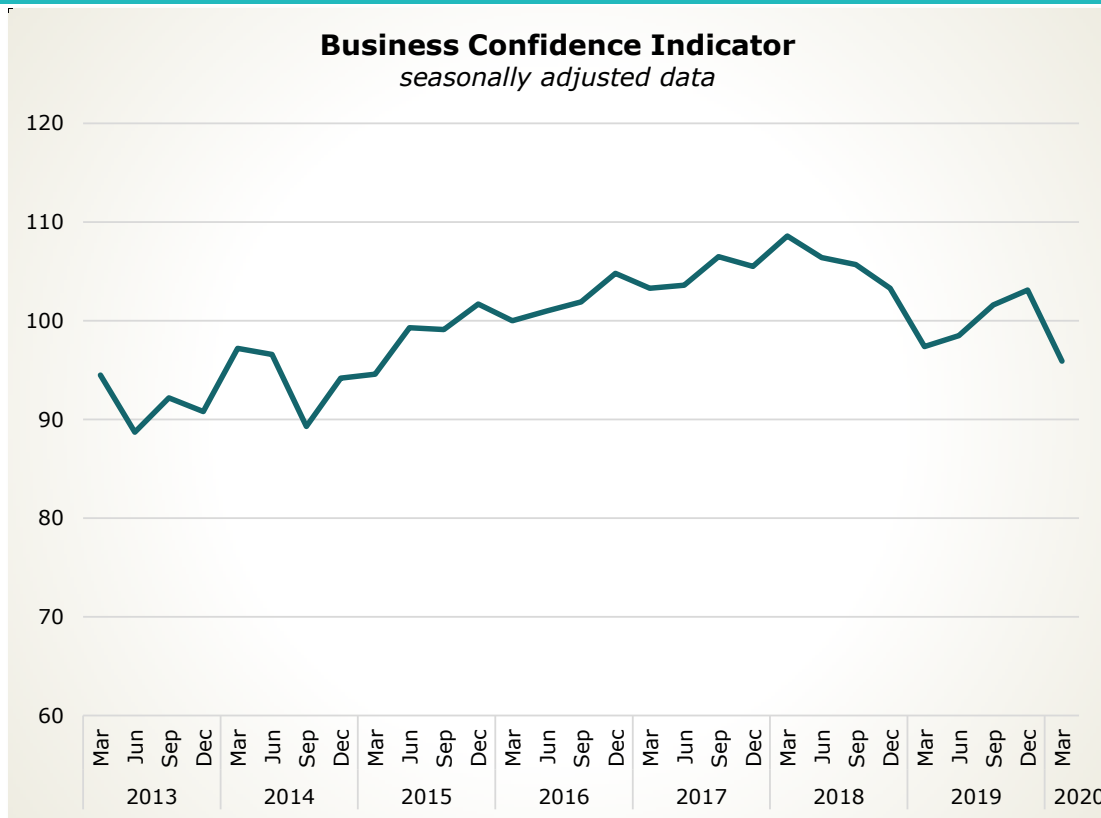
Source: ACEA

## 2.4. BUSINESS CONFIDENCE INDICATOR

### *Business confidence indicator still high in Q1 2020*

The business confidence level among investors reached its lowest point since Q1 2015, but remained positive. The value of the Economic Sentiment Index by the European Commission was 103.3 in March 2020, down from 113.3 in December 2019 and 114.2 in March 2019.

Compared with the rest of the region, the economic sentiment in Croatia in the end of Q1 2020 was among the highest, second only to Serbia and way above the EU average of 94.5. Unlike the other major economies in SEE which had historically lower business confidence due to their tighter integration with the Eurozone, Croatia still benefitted from a stronger growth and more optimistic sentiment until the global coronavirus crisis. However, with the complete impact of the crisis being felt from the second quarter onwards, business confidence in Croatia will continue to decline in Q2 2020.



Source: Eurostat

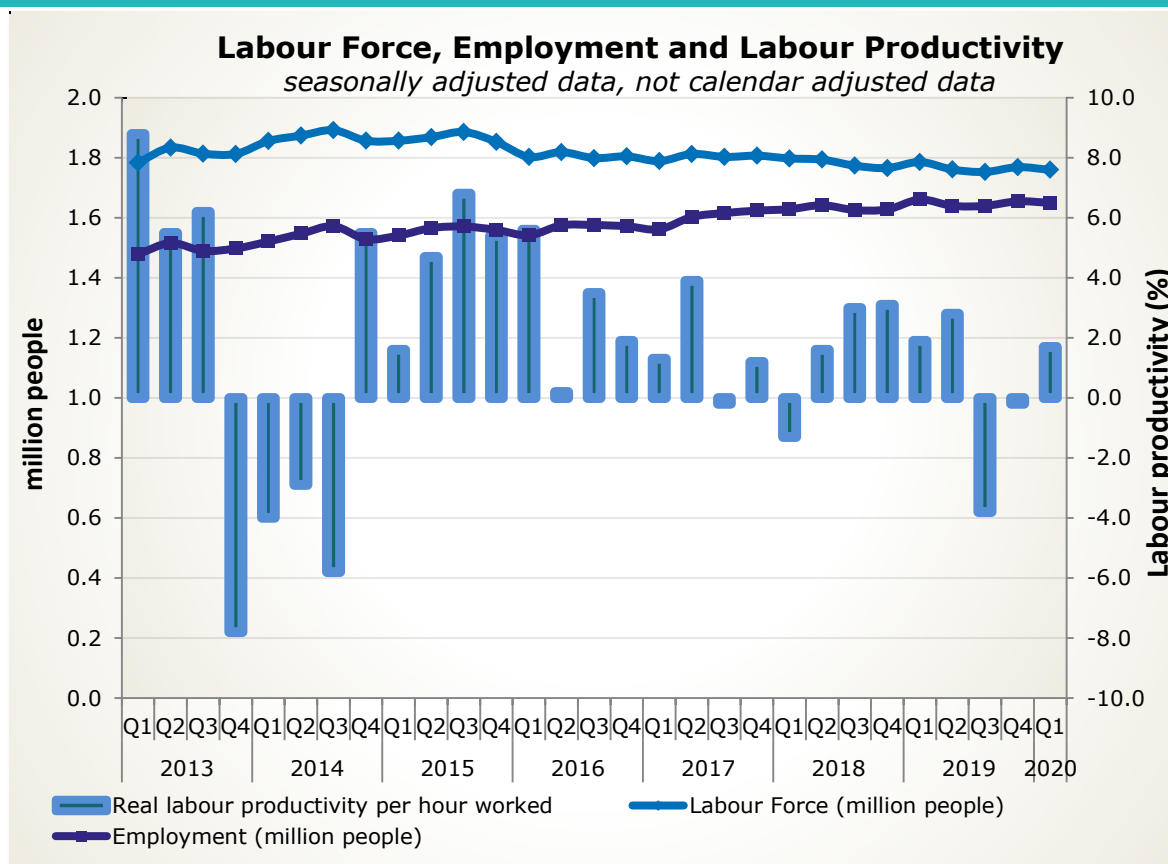
### 3. LABOUR MARKET

#### 3.1. LABOUR FORCE, EMPLOYMENT AND REAL LABOUR PRODUCTIVITY

##### *Labour force narrowed by 1.5% in Q1 2020, real labour productivity grew by 1.7%*

The labour force in Croatia counted 1.760 million people in Q1 2020, by 1.5% y/y less than in the corresponding quarter of the previous year, Eurostat data shows. The employed population aged 15 years and older was 1.650 million, also down, by 0.7% y/y, indicating a rise in activity rate. Employment and labour force numbers are projected to go further down on annual basis, most notably in the second and third quarter of 2020, when more than three thirds of the temporary jobs in the travel and tourism sector will not be available this year due to the collapse of organised international sea tourism.

Real labour productivity per hour worked in Croatia continued to improve according to Eurostat by an annual rate of 1.7% in Q1 2020. In comparison to the first quarter of 2019, when productivity grew by an annual average of 1.9%, the rate slowed down, but still was significantly above the EU average, of 0.3% y/y. In regional aspect, the productivity growth of Croatia is not as impressive, being consistently lower than in Romania and Bulgaria.



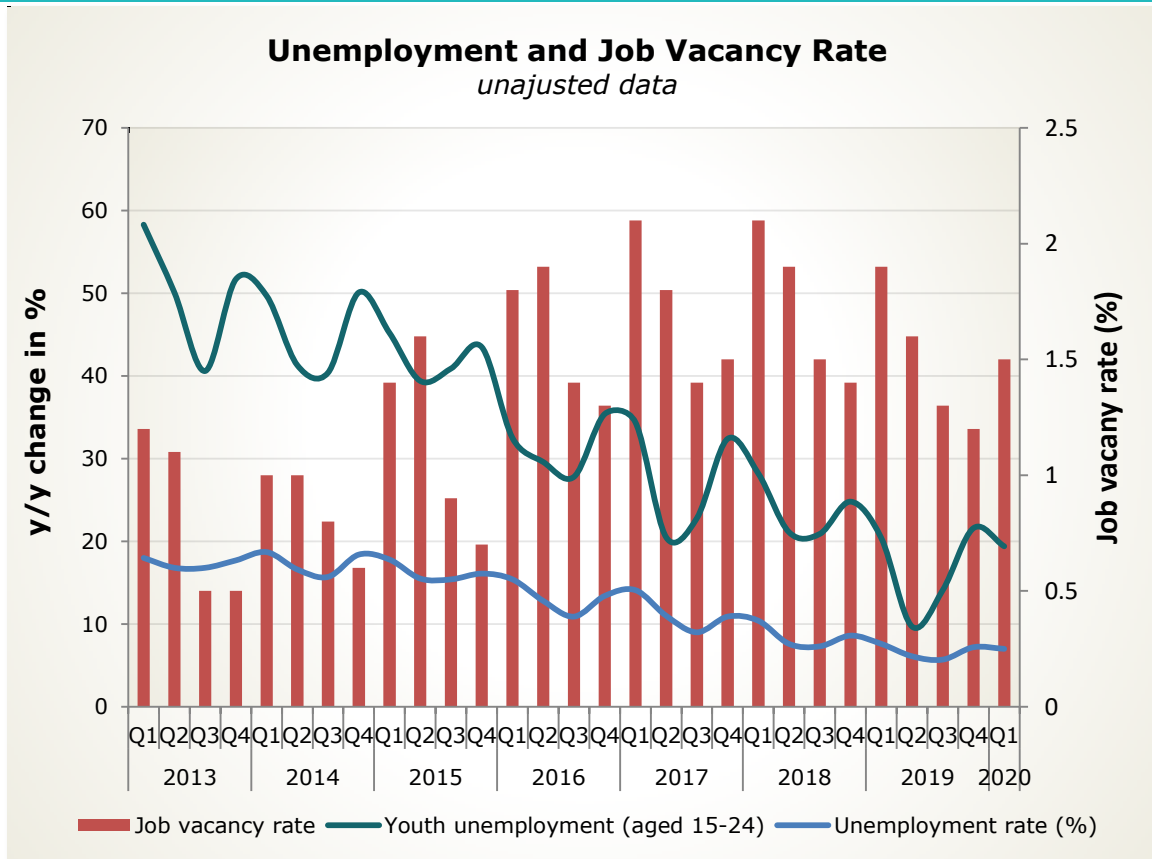
Source: Eurostat

### 3.2. UNEMPLOYMENT RATE AND JOB VACANCIES

#### Unemployment and job vacancy rates further down in Q1 2020

The unemployment rate in Croatia in Q1 2020 stood at 7.0%, down from 7.6% in the same quarter of the previous year and 7.2% in Q4 2019. The negative effect of the COVID-19 pandemic on employment through the closure of transport, tourism and hospitality sectors starting from March was still not reflected in the Q1 data, but the unemployment rate is expected inevitably to exceed 9.0% on average in 2020 and even rise to above 10.0% in 2021, according to the latest IMF global economic outlook. Thus, Croatia will be among the SEE countries with labour market worst hit by the crisis in the medium term, due to its above average exposure to troubled sectors, especially international tourism. Youth (population aged 15-24) unemployment rate also went down to 19.4%, compared to 21.6% in the previous quarter and 20.4% in the corresponding quarter of the previous year.

The job vacancy rate in Q1 2020 stood at 1.5%, down from 1.9% in the corresponding quarter of the previous year. In the rest of 2020 new job openings, especially in the sectors creating the highest employment in the country, are expected to fall considerably as a result of the weakening economic activity during the pandemic, hence job vacancy rate will decrease.



Source: Eurostat

### 3.3 AVERAGE MONTHLY SALARY

#### Average gross monthly salary up by 6.2% in Q1 2020

The average gross monthly salary in Q1 2020 grew by 6.2% y/y to HRK 9,240, according to DZS data. Employees in financial and insurance activities were the highest paid with average gross monthly salary of HRK 13,698, followed by IT and communication with HRK 13,434 and energy with HRK 11,647. At the other end of the ranking stood three sectors with average gross monthly salaries lower than BGN 1,000. These included construction, agriculture, forestry and fisheries and tourism and hospitality. The employees in the lowest paid sector, administrative and support activities earned HRK 7,086 on average, which is more than half of the highest earning sector and ensures a much more uniform average income distribution than in other SEE countries, such as Bulgaria and Romania, where the difference between lowest and highest paid sectors exceeds four times.



Source: DZS

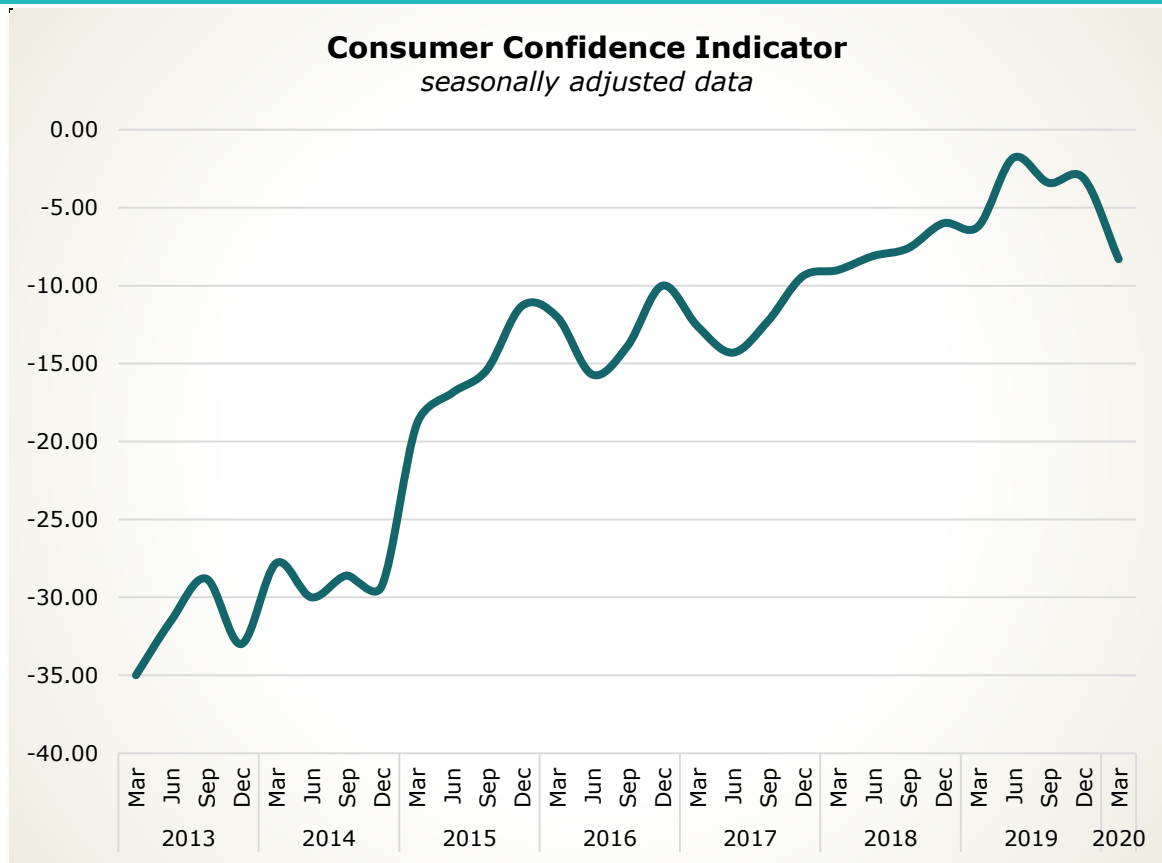
## 4. HOUSEHOLDS

### 4.1. CONSUMER CONFIDENCE INDICATOR

#### *Consumer confidence indicator at -8.3 points in Q1 2020*

The consumer confidence in Croatia deteriorated in Q1 2020 as a direct result of the COVID-19 crisis and stood at -8.3 points in March, according to the European Commission. The indicator hit a two-year bottom, but even before the onset of the pandemic and the shutdown in mid-March its value was consistently negative in the last seven years. In February 2020 the index stood at -2.8 points and in January 2020 – at -1.5 points.

The consumer sentiment indicator in Croatia in March 2020 was the highest among all EU members in SEE, but still lower than in Montenegro and North Macedonia.



Source: European Commission

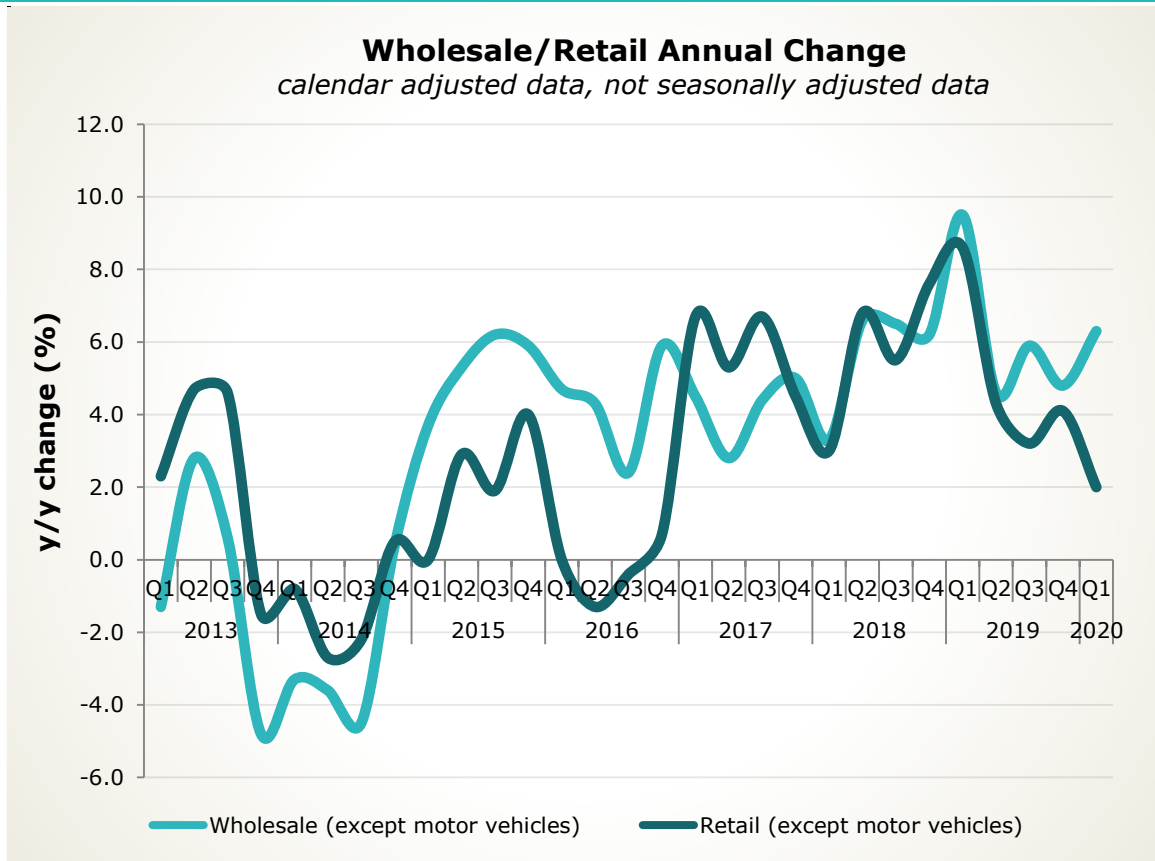
## 4.2. WHOLESALE AND RETAIL

### *Wholesale and retail still on the rise in Q1 2020*

In the first three months of 2020, wholesale and retail sales registered a 3.2% annual increase, according to Eurostat. The immediate effect of curbed consumption and investment in the last two weeks of the period caused a significant slowdown in the growth rate, albeit still positive. In the corresponding quarter of 2019 wholesale and retail sales had climbed by 7.8%.

Retail sales, except motor vehicles, advanced by 2.0% y/y, slower than the 8.6% in the year-ago quarter, while wholesale recorded a sound annual growth of 6.3% y/y, compared with 9.5% in Q1 2019. Wholesale, retail and repair of motor vehicles, however, first experienced the negative impact of the shutdown, paired with global halt of cars manufacturing, in the second half of March 2020, and lost 15.6% y/y for the whole quarter.

In regional context Croatia performed above average, avoiding the slump in sales in the first quarter of 2020, which happened in the EU, and registered the second highest positive growth in the region after Romania. Nevertheless, a significant contraction of both retail and wholesale is inevitable in the following quarter, which was marked almost throughout by cautious spending, closure of entire branches of the economy and postponed or cancelled investment plans.



Source: Eurostat

## 5. PRICES

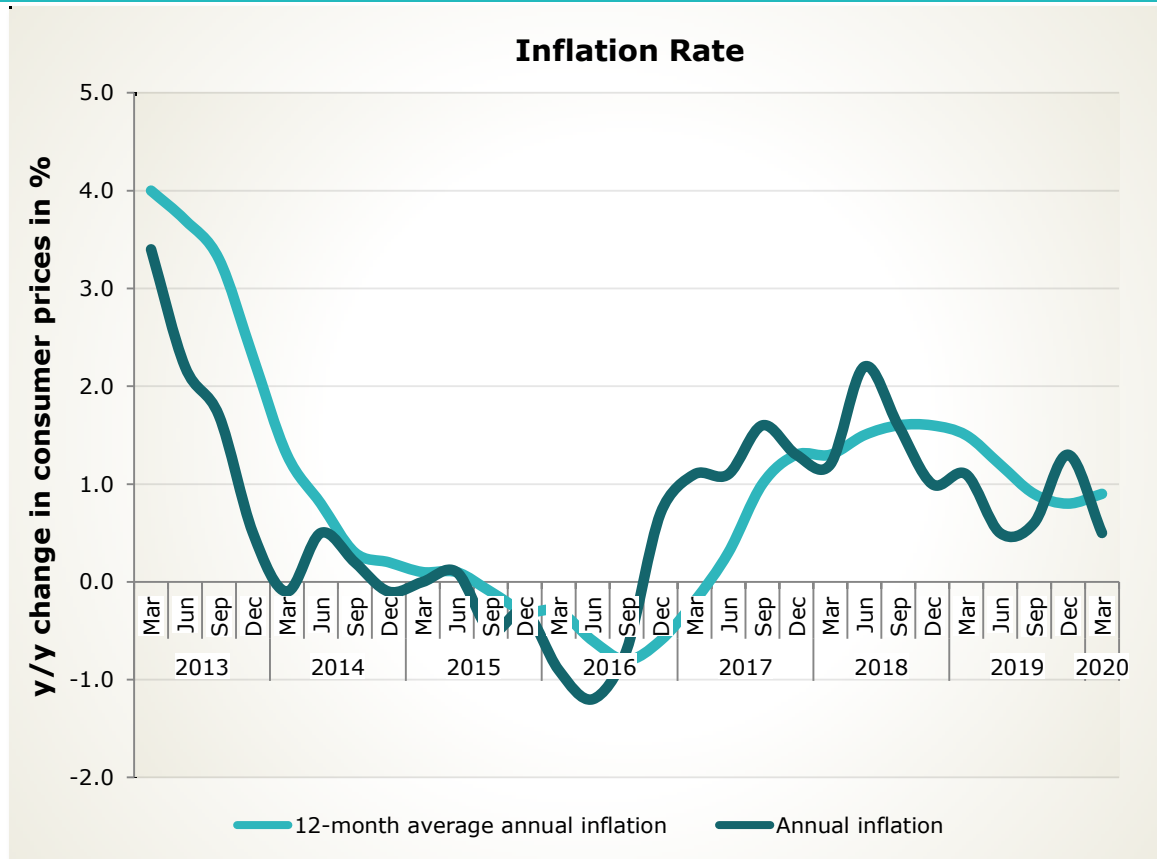
### 5.1. INFLATION

#### *Inflation slowed down in Q1 2020 to 0.9%*

In Q1 2020, the moving twelve-month average inflation in Croatia came in at 0.9%, according to Eurostat, down from 1.5% in the first quarter of the previous year. In regional aspect, Croatia kept the second lowest inflation in SEE in Q1 2020, after North Macedonia.

Annual inflation also slowed down to 0.5% y/y, compared to 1.1% in Q1 2019. With the sharp cut of all kinds of non-essential expenditures caused by the uncertainty around the duration and future intensity of the coronavirus crisis, consumer prices will continue their slowdown and deflation is highly probable in the next quarters.





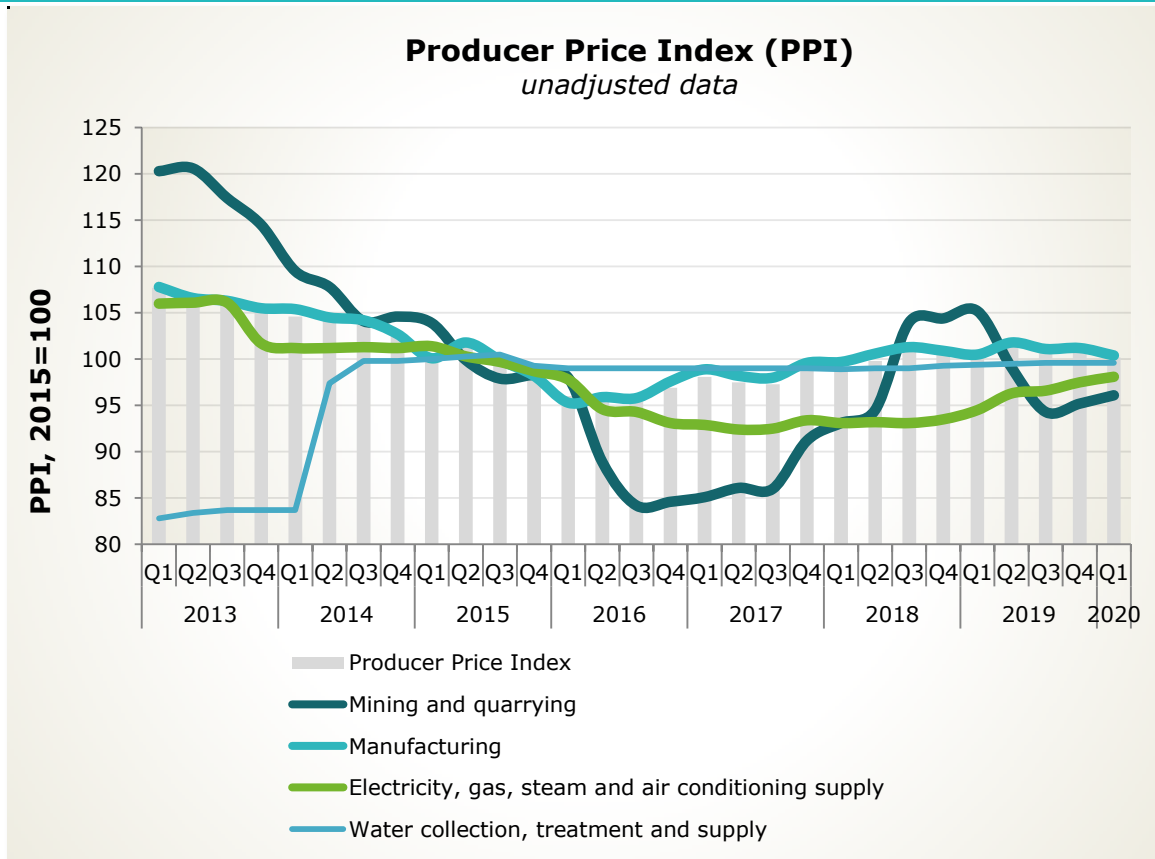
Source: Eurostat

## 5.2. PRODUCER PRICE INDEX

### Producer price index at 100.2 points in Q1 2020

Eurostat's unadjusted producer price index in Croatia came in at 100.2 points in Q1 2020, down by 0.6 pp compared to Q4 2019 and 0.1 pp on the year.

Manufacturing was the only sector to register a decline, albeit very narrow, in producer prices in Q1 2020 on both annual and quarterly basis. The producer price index in mining and quarrying lost 9.1 pp compared with the year-ago quarter, but kept above its levels from the end of 2019. In electricity, gas and steam supply producer prices rose by 3.6 pp y/y followed by water collection, treatment and supply with 0.2 pp y/y.



Source: Eurostat

## 6. CONSTRUCTION AND REAL ESTATE

### 6.1. NEW BUILDING PERMITS

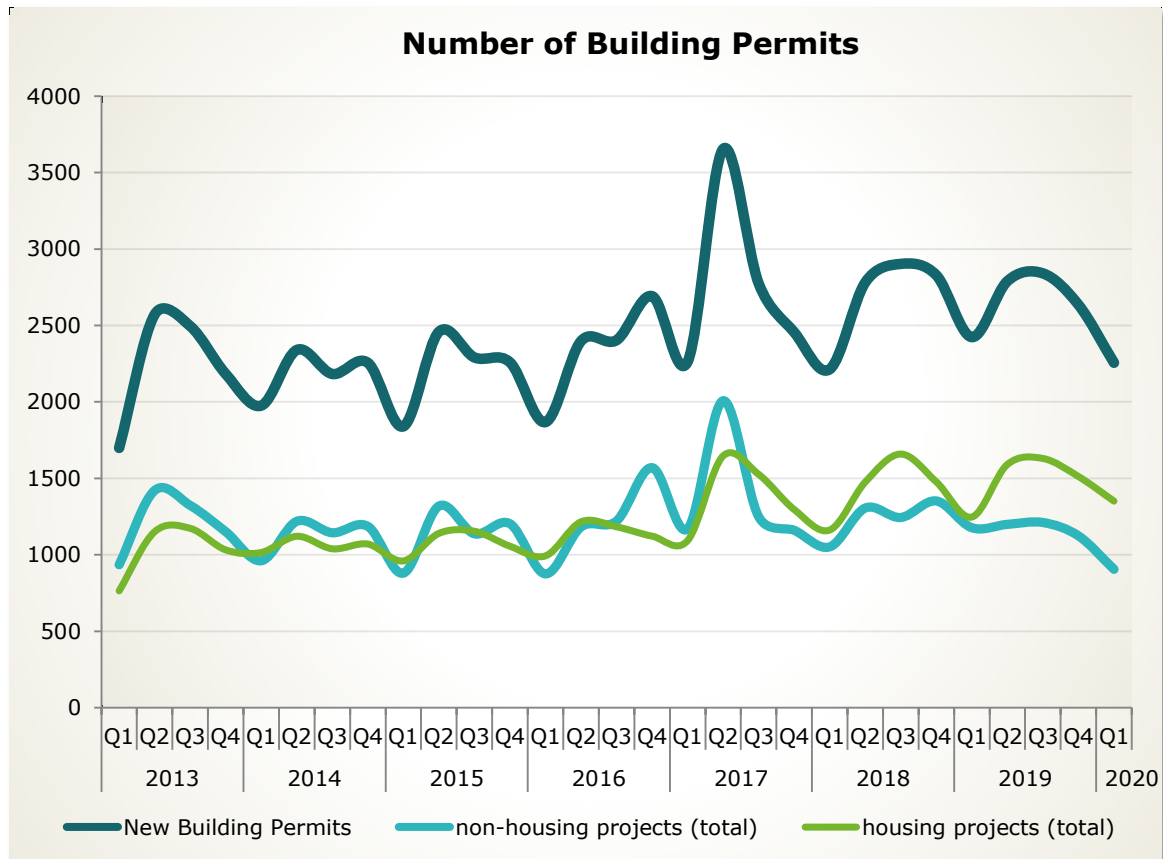
#### *New building permits decreased by 10.0% y/y in Q1 2020*

The number of building permits issued in Croatia in the first three months of 2020 slumped by 10.0% y/y and totalled 1,294, according to DZS data. Housing projects still recorded positive growth, of 8.3% y/y, but permits for non-housing and administrative buildings in particular plummeted by 23.1% y/y to 905, compared to 1,177 a year earlier.

The total built-up area of both residential and non-residential units declined in Q1 2020. The built-up area covered by new non-residential permits narrowed by 14.7% to 168,911 sq m, while the total built-up area of the residential space suffered an even sharper drop, by 29.1% to 352,367 sq m.

Although the first quarter is traditionally the weakest for the construction sector in terms of number of new permits, it grew on annual basis every year since 2015, until the current double-digit drop, resulting to a great extent by the beginning of the COVID-19 crisis towards the end of the quarter. Construction activity in Croatia is expected to lose pace further, given the surging pessimism during the pandemic both among investors and consumers. The office

segment will be especially hard hit by the continuous work from home policy adopted by most tenants of high-end office space to prevent mass infection.



Source: DZS

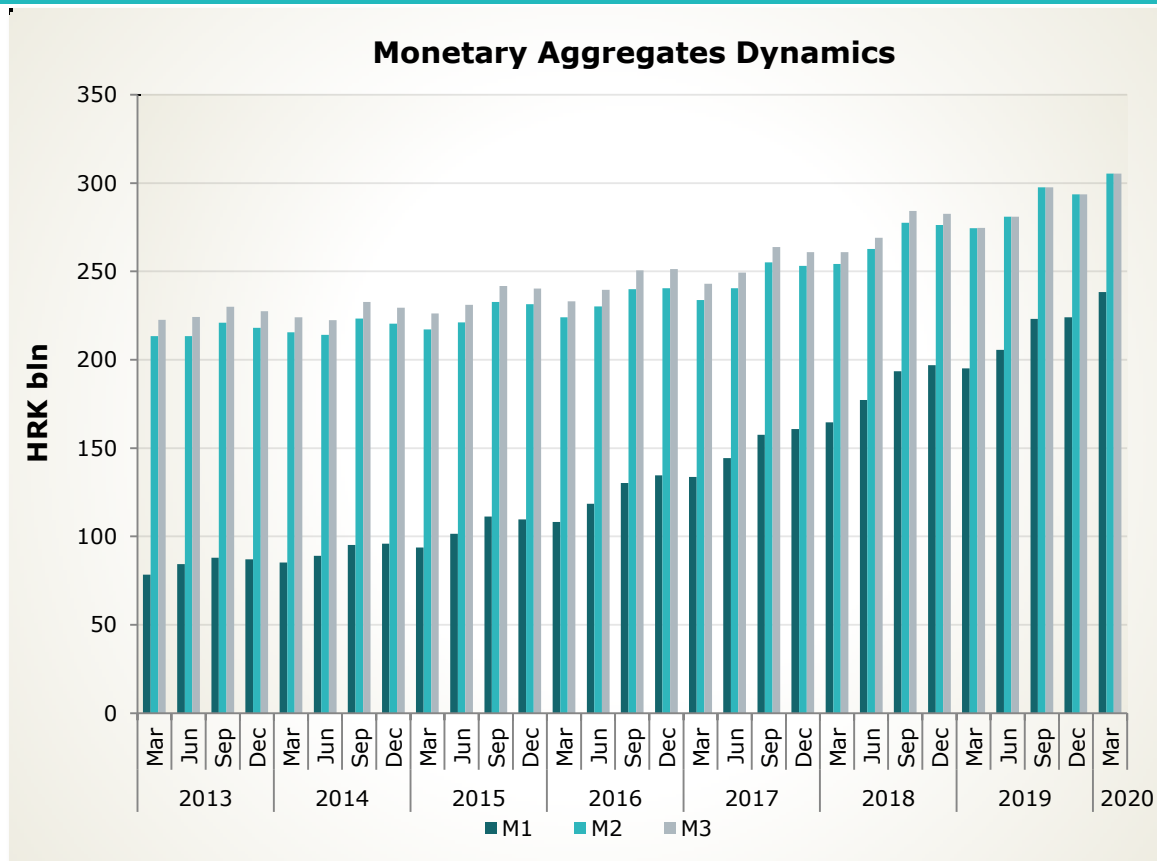
## 7. MONEY

### 7.1. MONETARY AGGREGATES

**Money supply expanded by 11.2% y/y in Q1 2020, narrow money jumped by 22.1%**

At the end of Q1 2020 the broad monetary aggregate M3 rose by 11.2% on an annual basis and the total money supply in the Croatian economy reached HRK 305.4 bln.

The M2 money supply almost equalled the M3 aggregate and also climbed by 11.2% y/y. The monetary aggregate M1, or narrow money, expanded by 22.1% to HRK 238.3 bln.

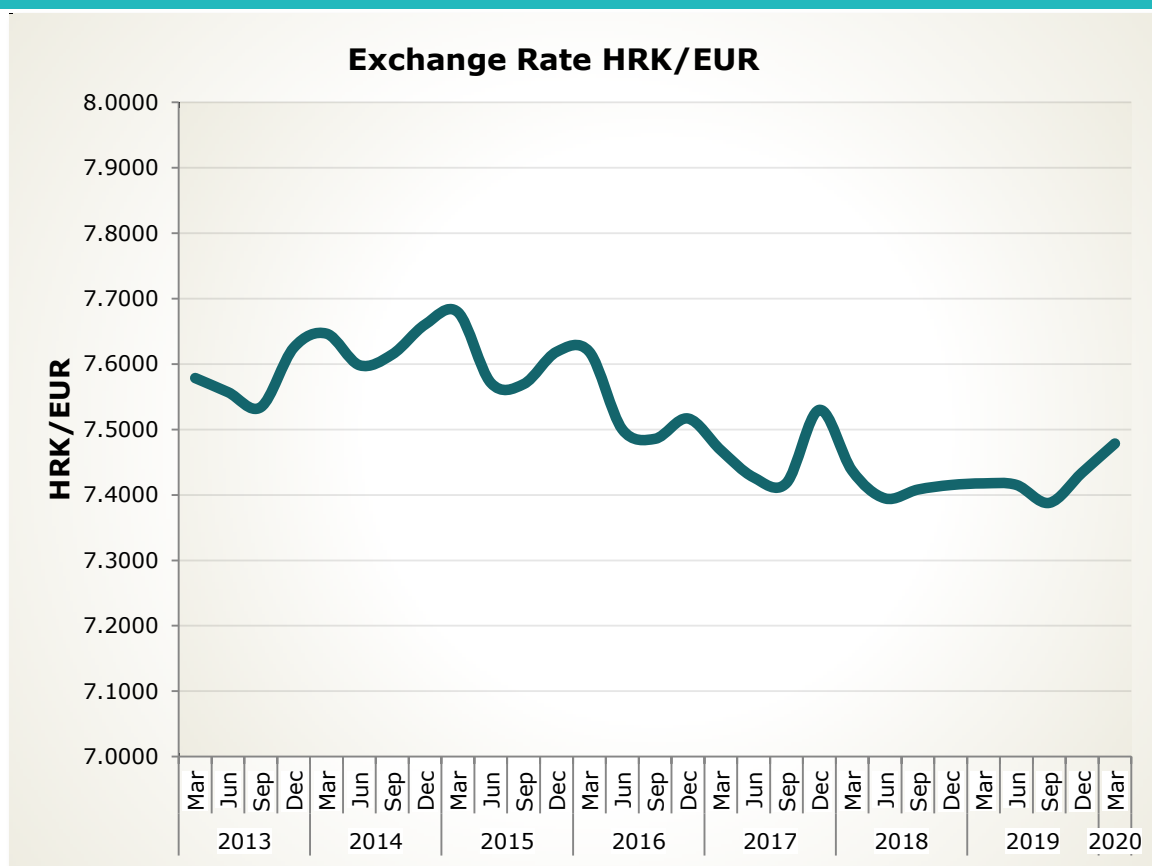


Source: HNB

## 7.2. EXCHANGE RATE

### Croatian kuna (HRK) reached its lowest point against the euro since 2017

The HRK depreciated against the euro in Q1 2020 to a record level since the end of 2017, reaching an average quarterly rate of HRK 7.4686, compared to HRK 7.4340 in the last quarter of 2019 and HRK 7.4176 in the year-ago quarter. In order to mitigate strong depreciation pressures on the local currency, caused by the global economic developments since the start of the year, the Croatian National Bank has intervened by selling forex.



Source: HNB

### 7.3. BANKS' CAPITAL RATIOS

#### *Financial soundness indicators of the banking system remained above regulatory requirements in Q1 2020*

As of end-March 2020, the banking system's common equity Tier 1 capital ratio, determined by the Croatian National Bank, stood at 4.5%. The stress test of the five largest commercial banks in the country, implemented by the European Central Bank, registered no capital shortfalls in the baseline and adverse scenarios. In order to ensure the stability of the Croatian banks in the period of economic turmoil associated with the coronavirus pandemic, HNB has adopted a set of measures to improve the banks' liquidity.

### 7.4. CENTRAL BANK'S INTEREST RATE

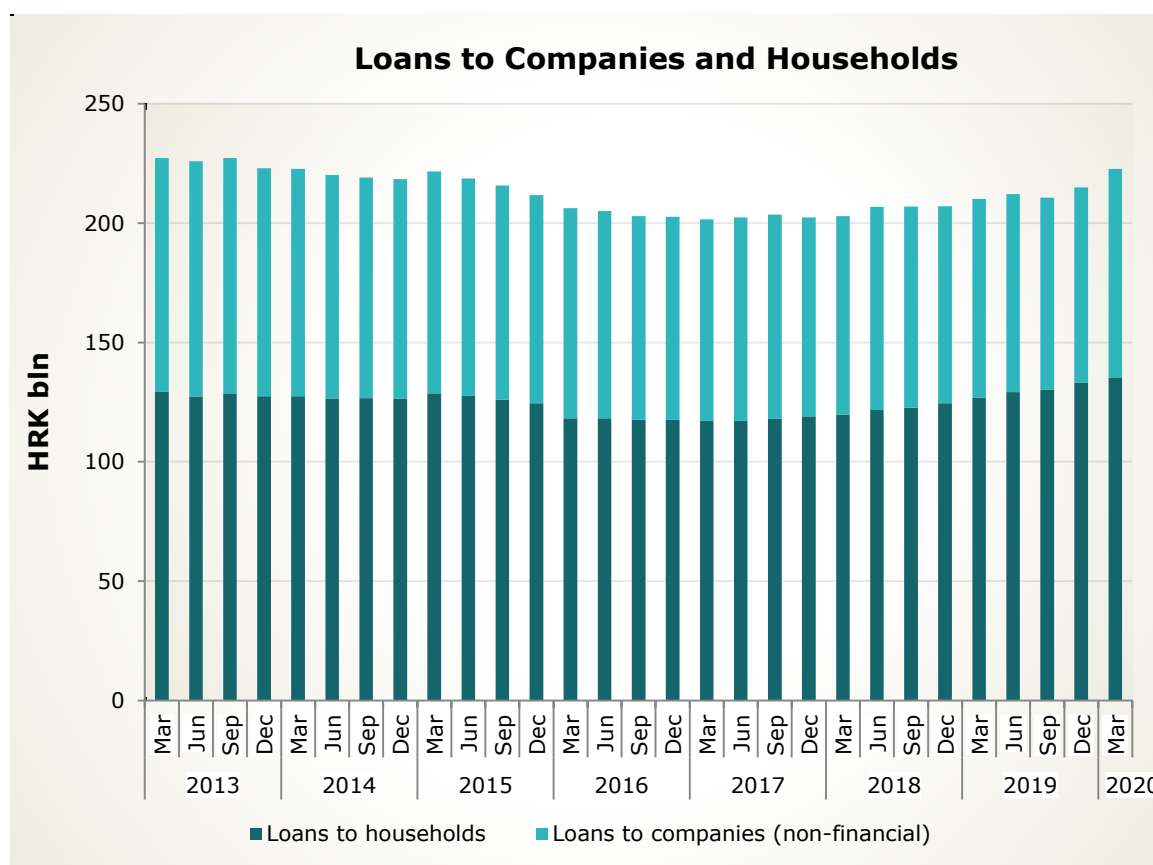
#### *HNB base interest rate unchanged in Q1 2020*

In Q1 2020 the discount rate of HNB remained at 3.0%, unchanged since the beginning of 2017. Although considerably higher than in its regional peers, the unchanged discount rate in Croatia indicates the intent of the central bank to stimulate investment and consumer spending in order to boost economic activity as a counter measure to the global slowdown.

## 7.5. LOANS TO COMPANIES AND HOUSEHOLDS

*Loans to companies up by 4.9% y/y, household loans increased by 6.7% y/y in Q1 2020*

In March 2020 the loans to non-financial corporations increased by 4.9% on the year to HRK 87.3 bln. The annual growth of loans to households was stronger, at 6.7% and they totalled HRK 135.4 bln. The rise was supported mostly by mortgage loans, which grew at a rate of 8.1% y/y. Consumer loans on the other hand contracted by 14.5% on the year. Corporate and consumer loans are expected to slow down their growth in the following quarters as a result of the stagnating economic activity and increased preference to saving over spending by individual consumers.

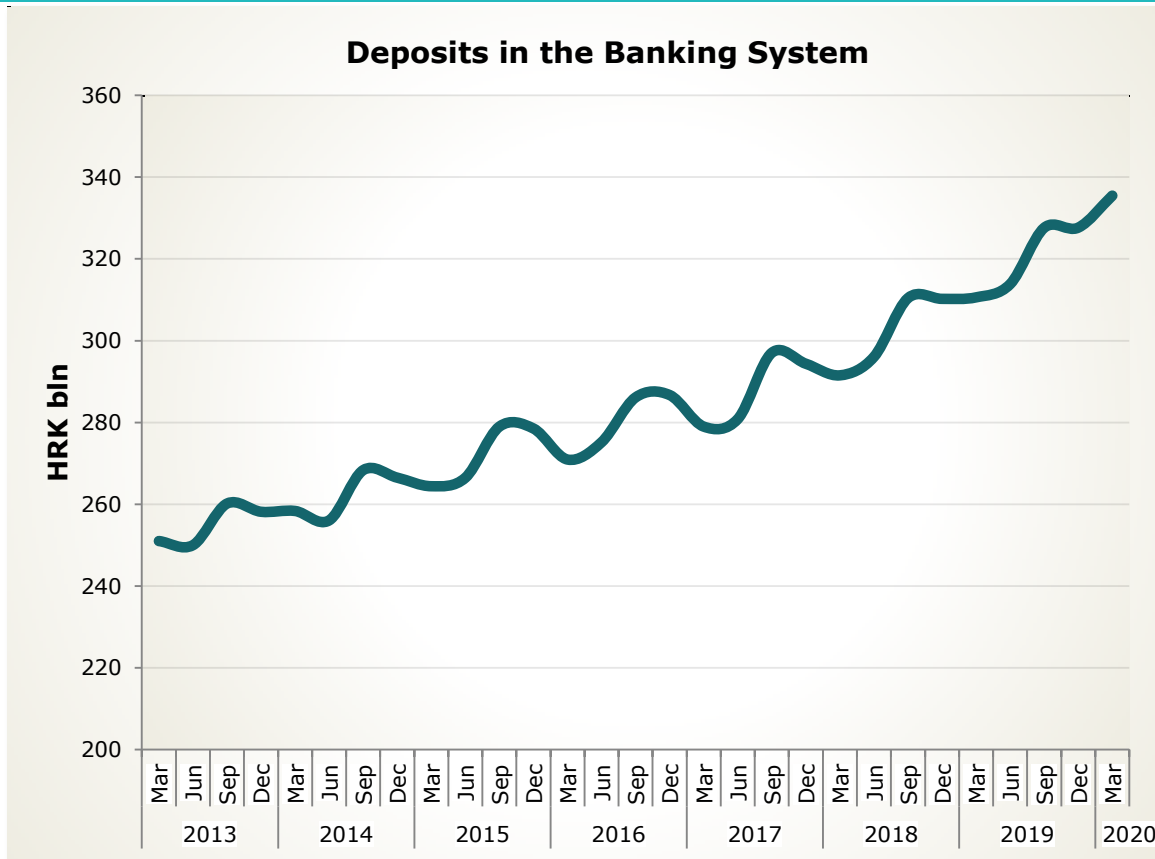


Source: HNB

## 7.6. DEPOSITS

*Deposits increased by 8.0% y/y in Q1 2020*

The total amount of deposits in the banking system, as of end-March 2020, increased by 8.0% y/y and stood at HRK 335.5 bln, compared to HRK 310.6 bln in the same month of the previous year. An even sharper growth is expected in the second quarter of 2020 and, most probably, until the end of the year as a consequence of the increased savings rate in Croatia linked with the high uncertainty associated with the coronavirus crisis.



Source: HNB

## 8. EXTERNAL SECTOR

### 8.1. DEBT

#### Gross external debt narrowed by 7.6% y/y in Q1 2020

The gross external debt went down by 7.6% y/y totalling EUR 40.4 bln as of end-March 2020, according to HNB. It accounted for 75.2% of the country's latest annual GDP. This makes Croatia well positioned in regional and global aspect in the group of countries with low risk for additional indebtedness as a result of the fiscal measures packages introduced by the governments to combat the negative economic effects of the COVID-19 pandemic.

Government debt also registered a decrease on an annual basis in Q1 2020, by 13.6% to EUR 13.9 bln at the end of the period. Long-term liabilities went down by 1.9% y/y and amounted to EUR 27.7 bln, or 68.5% of the total debt, and short-term liabilities totalled EUR 6.5 bln, following a 27.6% annual drop and equalled 31.5 of the total debt.



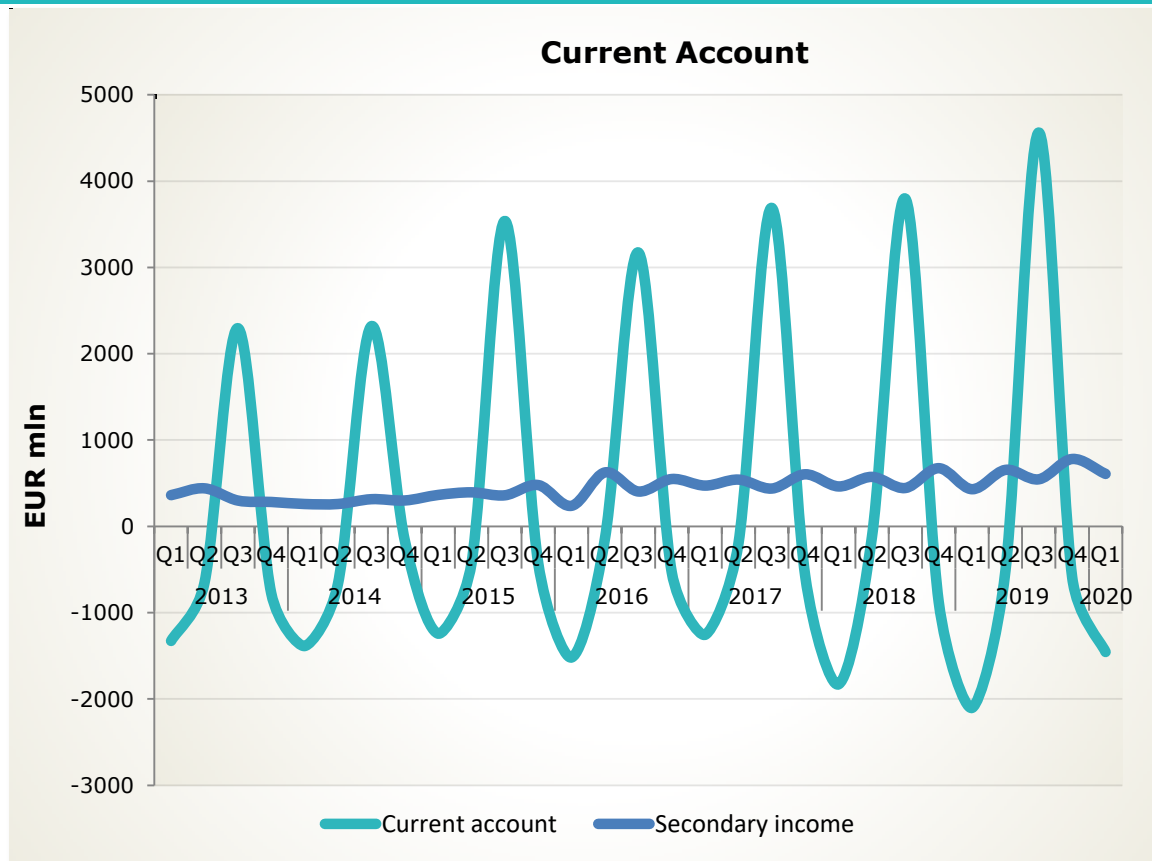
Source: HNB

## 8.2. CURRENT ACCOUNT

### Current account deficit narrowed by a third in Q1 2020

The current account gap totalled EUR 1.456 bln in Q1 2020, the smallest for the first quarter since 2017, down by 30.8% y/y, according to Eurostat data. As a share of Croatia's GDP, the current account deficit also shrank, to 12.1%, compared to 17.7% in Q1 2019. Secondary income in Q1 2020 stood at EUR 607.4 mln, up 41.2% y/y.





Source: Eurostat

### 8.3. TRADE BALANCE

#### Foreign trade deficit narrowed by 2.1% y/y in Q1 2020

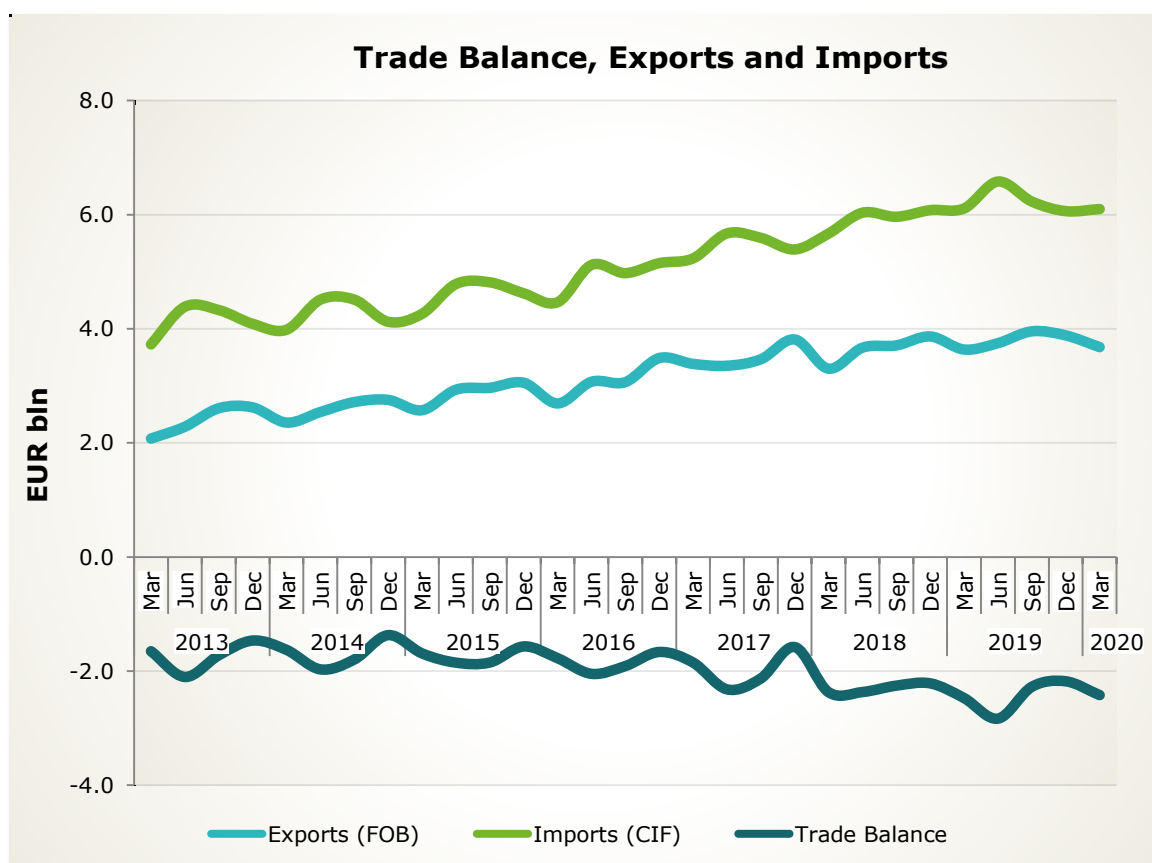
Exports performed better than imports in annual growth terms in Q1 2020, which resulted in a 2.1% decrease of the foreign trade gap to EUR 2.420 bln, according to DZS data. In the first three months of 2020, exports expanded by 1.2% and reached EUR 3.679 bln. Imports came in at EUR 6.099 bln, or by 0.2% less than in the corresponding quarter of the previous year. A further decline is projected for both exports and imports throughout 2020 under the negative impact of the global COVID-19 crisis.

In the first three months of 2020, Croatia's top exported goods included machinery, miscellaneous manufactured goods and chemical products. Export of animal and vegetable oils and fats increased the most, by 13.6% y/y, followed by food and live animals and mineral fuels and lubricants, while chemical products lost the most on annual basis with 7.7% y/y.

Machinery and transport vehicles were the leading product group in Croatia's imports in Q1 2020, slicing a 25.2% share of the total. The highest rise in imports was recorded by not classified commodities and transactions, while imports of machinery and transport vehicles shrank the most, by 8.4%.

The main export markets for Croatian goods and services in the first quarter of 2020 were Germany, Italy and the CEFTA countries. The European Union accounted for 71.0% of the total exports of Croatia. In terms of exports risk exposure in the early stages of the coronavirus crisis in March 2020, Croatia was in comparatively favourable position, with insignificant exports to China, but on the downside the earliest and hardest hit European country, Italy, is Croatia's second most important foreign market.

The main trading partners of Croatia in terms of imports in Q1 2020 were Germany, Italy and Slovenia. Imports from Germany and Slovenia marked a sound annual growth, but partially due to the COVID-19 outbreak in February, imports from Italy went down by 12.3% y/y.



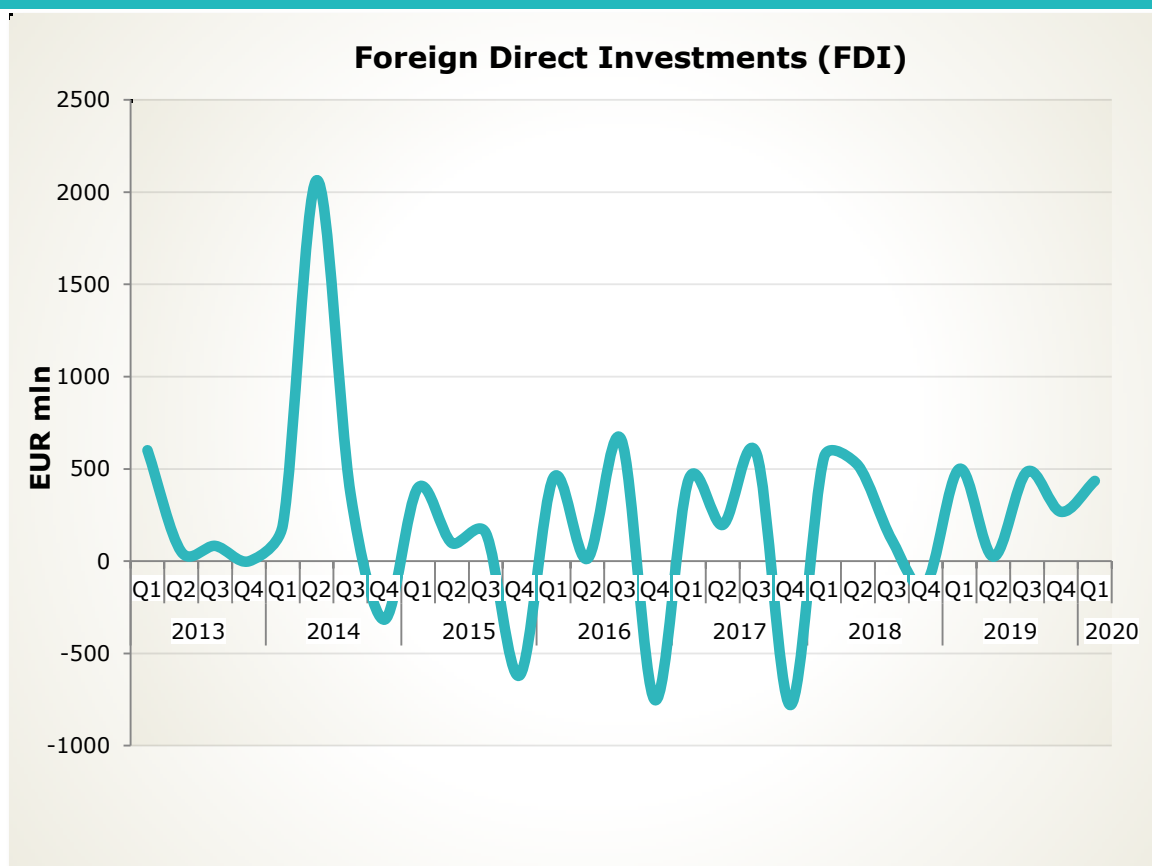
Source: HNB

## 8.4. FDI

### FDIs declined by 13.1% y/y in Q1 2020

Net FDI flow in Croatia amounted to EUR 435.0 mln in Q1 2020, down by 13.1% y/y, according to HNB data. For the first three months of 2020 FDIs accounted for 3.6% of the country's GDP for the period, compared with 4.2% in Q1 2019.

However, FDI inflow is expected to slow down, at least in Q2 2020, when the economic crisis acquired global dimensions and led to a decrease in investments worldwide.



Source: HNB

## FORECAST AND ANALYSIS

In their latest economic outlooks, the IMF and the World Bank see Croatia as one of the heaviest hit SEE countries with prospects for economic recovery to pre-coronavirus levels not earlier than 2022. According to IMF, Croatia's GDP will shrink by 9.0% in 2020, followed by a more modest growth of 6.0% in 2021 and 4.4% in 2022. This is the second largest projected contraction of a SEE economy after Montenegro, due to the excessive dependence on summer tourism of those countries.

The World Bank is slightly less pessimistic about Croatia's 2020 full year GDP, expecting an 8.1% decline, better than Montenegro, Albania and Kosovo, but still considerably below the other EU members in the region. The rebound is to take place in 2022, a result of 5.9% and 4.2% growth rates in the years to come. A huge question mark concerning the rebound is the probability of unhampered summer season in 2021, without which the projected growth is hardly possible.

These forecasts are made under the assumption of no second national lockdown as in the period March-May 2020. The unpredictability in the behaviour of the COVID-19 infection rates and the recent surge in Croatia and most of Europe impose a risk of downward revision of the GDP prospects, should strict containment measures be implemented once again until the end of 2020.

**MAJOR DEVELOPMENTS*****Croatian c-bank injects HRK 350 mln (EUR 46 mln) in banks at 0.05%***

*Mar 30, 2020*

Croatia's central bank said it injected on Monday HRK 350 mln (USD 51 mln/EUR 46 mln) into the banking system through a regular open market operation.

[Read the full story here](#)

***Croatia mulls second stimulus package to support coronavirus-hit economy***

*Mar 27, 2020*

Croatia's government will draft next week a second stimulus package to support the economy affected by the coronavirus crisis, prime minister Andrej Plenkovic said.

[Read the full story here](#)

***Croatian c-bank cuts mandatory reserves requirement to 9% from 12%***

*Mar 24, 2020*

Croatia's central bank said it is cutting the mandatory reserves requirement to 9% from current 12% in order to provide the banking system with more liquidity amidst the ongoing coronavirus crisis.

[Read the full story here](#)

***Croatian govt adopts 30 bln kuna (3.9 bln euro) package to support coronavirus-hit economy***

*Mar 19, 2020*

Croatia's government has adopted a financial package worth 30 billion kuna (\$4.3 billion/3.9 billion euro) to support the domestic economy suffering from the spread of the coronavirus disease, prime minister Andrej Plenkovic said.

[Read the full story here](#)

***Foreign tourist arrivals to Croatia up 2.2% y/y in Jan***

*Mar 17, 2020*

Foreign tourist arrivals to Croatia rose 2.2% on the year in January, reaching 122,538, the country's statistical office said on Tuesday.

[Read the full story here](#)

***Croatian govt plans to scrap foreign workers quotas***

*Feb 7, 2020*

The Croatian government said it plans to scrap the annual quotas for foreign employees in an attempt to address labour shortage on the domestic market, especially during the peak summer season.

[Read the full story here](#)

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