

Table 1a. Macroeconomic Prospects

	ESA Code	2013 (level)	2013 (rate of change)	2014 (rate of change)	2015 (rate of change)	2016 (rate of change)	2017 (rate of change)
1. Real GDP	B1*g	325,234	-1.0	0.0	1.2	1.3	1.5
2. Nominal GDP	B1*g	328,252	-0.1	1.0	2.9	3.1	3.5
Components of real GDP							
3. Private consumption expenditure¹	P.3	196,576	-1.0	-0.8	0.4	0.8	1.3
4. Government consumption expenditure	P.3	65,644	0.5	-0.9	-0.9	-1.9	0.0
5. Gross fixed capital formation	P.51	60,483	-1.0	1.9	5.7	5.7	4.3
6. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	0.2	0.2	0.1	0.1	0.2	0.3
7. Exports of goods and services	P.6	140,884	-1.8	2.0	2.7	2.9	3.0
8. Imports of goods and services	P.7	139,026	-1.7	1.3	2.9	3.2	3.4
Contribution to real GDP growth							
9. Final domestic demand		322,702	-0.7	-0.3	1.2	1.3	1.6
10. Changes in inventories and net acquisition of valuables	P.52 + P.53	674	-0.3	-0.1	0.0	0.1	0.0
11. External balance of goods and services	B.11	1,858	-0.1	0.3	0.0	-0.1	-0.1

Note: GDP and all of its components expressed in real terms are in constant previous year prices, HRK million

¹ Includes final consumption expenditure of non-profit institutions serving households.

Source: CBS, Ministry of Finance

Table 1b. Price developments

	2013 (rate of change)	2014 (rate of change)	2015 (rate of change)	2016 (rate of change)	2017 (rate of change)
1. GDP deflator	0.9	0.9	1.7	1.9	1.9
2. Private consumption deflator*	1.9	0.7	1.8	2.0	2.0
3. HICP¹	2.2	0.6	1.7	1.9	1.9
4. Public consumption deflator	-1.0	0.4	0.8	0.9	1.9
5. Investment deflator	-0.1	0.5	1.8	1.9	1.8
6. Export price deflator (goods and services)	0.1	1.1	1.8	1.9	1.9
7. Import price deflator (goods and services)	0.2	0.3	1.6	1.8	1.9

*Includes final consumption expenditure of non-profit institutions serving households.

¹ Consumer price index, national methodology.

Source: CBS, Ministry of Finance

Table 1c. Labour market developments

	ESA Code	2013 (level)	2013 (rate of change)	2014 (rate of change)	2015 (rate of change)	2016 (rate of change)	2017 (rate of change)
1. Employment, persons¹		1,415,200	-1.0	-2.3	-0.4	0.5	1.4
2. Employment, hours worked ²		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Unemployment rate (%)³		17.1	17.1	17.9	17.7	17.3	16.5
4. Labour productivity, persons⁴		229,815	0.0	2.4	1.6	0.7	0.1
5. Labour productivity, hours worked ⁵		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6. Compensation of employees⁶	D.1	161,946,700	0.8	-0.2	1.6	2.4	3.5
7. Compensation per employee		130,150.8	1.9	1.7	2.0	2.1	2.5

¹ Occupied population, domestic concept national accounts definition.

² National accounts definition.

³ According to ILO methodology.

⁴ Real GDP per person employed.

⁵ Real GDP per hour worked.

⁶ Data for 2013 level is in 000 HRK.

Source: CBS, Ministry of Finance

Table 1d. Sectoral balances

	ESA Code	2013 (% of GDP)	2014 (% of GDP)	2015 (% of GDP)	2016 (% of GDP)
1. Net lending/borrowing vis-a-vis the rest of the world	B.9	1.4	2.3	2.2	1.7
<i>of which:</i>					
- Balance on goods and services		1.3	1.8	1.9	1.9
- Balance of primary incomes and transfers		0.0	0.3	0.0	-0.4
- Capital account		0.1	0.2	0.2	0.2
2. Net lending/borrowing of the private sector	B.9	4.1	4.6	3.4	2.1
3. Net lending/borrowing of general government	EDP B.9	-4.9	-4.4	-3.5	-2.7
4. Statistical discrepancy		2.2	2.1	2.3	2.3

Source: CNB, Ministry of Finance

2017 (% of GDP)
1.2
1.8
-0.8
0.3
1.3
-2.5
2.3

Table 2a. General government budgetary prospects

	ESA Code	2013 (level, HRK billion)	2013 (% of GDP)	2014 (% of GDP)	2015 (% of GDP)	2016 (% of GDP)	2017 (% of GDP)
Net lending (EDP B.9) by sub-sector							
1. General government	S.13	-16.2	-4.9	-4.4	-3.5	-2.7	-2.5
2. Central government	S.1311	-17.9	-5.5	-4.3	-3.5	-2.7	-2.4
3. State government	S.1312	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4. Local government	S.1313	0.2	0.1	0.0	0.0	0.0	0.0
5. Social security funds	S.1314	1.5	0.5	0.0	0.0	0.0	0.0
General government (S13)							
6. Total revenue	TR	134.7	41.0	43.2	42.8	42.8	43.3
7. Total expenditure	TE ¹	150.8	45.9	47.6	46.3	45.6	45.8
8. Net lending/borrowing	EDP B.9	-16.2	-4.9	-4.4	-3.5	-2.7	-2.5
9. Interest expenditure	EDP D.41	10.1	3.1	3.5	3.7	3.8	3.7
10. Primary balance ²		-6.1	-1.9	-0.8	0.1	1.0	1.3
11. One-off and other temporary measures ³		0.0	0.0	0.8	0.6	0.0	0.0
Selected components of revenue							
12. Total taxes (12=12a+12b+12c)		81.6	24.9	24.0	23.9	24.0	23.8
12a. Taxes on production and imports	D.2	61.0	18.6	18.2	18.0	18.1	17.9
12b. Current taxes on income, wealth, etc	D.5	20.6	6.3	5.8	5.9	5.9	5.9
12c. Capital taxes	D.91	0.0	0.0	0.0	0.0	0.0	0.0
13. Social contributions	D.61	37.1	11.3	12.9	12.6	11.9	11.9
14. Property income	D.4	2.1	0.7	0.5	0.4	0.2	0.2
15. Other ⁴		13.7	4.2	5.8	5.9	6.8	7.5
16=6. Total revenue	TR	134.7	41.0	43.2	42.8	42.8	43.3
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995) ⁵		118.8	36.2	36.9	36.5	35.9	35.7
Selected components of expenditure							
17. Compensation of employees + intermediate consumption	D.1+P.2	64.6	19.7	17.4	16.9	16.4	16.2
17a. Compensation of employees	D.1	39.1	11.9	11.2	10.8	10.5	10.3
17b. Intermediate consumption	P.2	25.5	7.8	6.2	6.1	5.9	5.9
18. Social payments (18=18a+18b)		51.9	15.8	17.7	16.9	16.3	16.0
of which Unemployment benefits ⁶		1.6	0.5	0.5	0.5	0.5	0.4
18a. Social transfers in kind supplied via market producers	D.6311, D.63121, D.63131	7.3	2.2	3.6	3.2	3.0	3.0
18b. Social transfers other than in kind	D.62	44.5	13.6	14.1	13.8	13.3	13.0
19=9. Interest expenditure	EDP D.41	10.1	3.1	3.5	3.7	3.8	3.7
20. Subsidies	D.3	6.7	2.1	2.0	1.8	1.7	1.8
21. Gross fixed capital formation	P.51	7.3	2.2	2.5	2.4	2.2	2.3
22. Capital transfers	D.9	5.7	1.7	1.8	2.1	2.7	3.1
23. Other ⁷		4.6	1.4	2.7	2.6	2.6	2.6
24=7. Total expenditure	TE ¹	150.8	45.9	47.6	46.3	45.6	45.8
p.m.: Government consumption (nominal)	P.3	67.0	20.4	17.8	16.9	16.2	16.0

Note:

Data for 2013 are from the EDP Fiscal Notification and projections are based on the MoF budgetary plans and estimates.

¹ Adjusted for the net flow of swap-related flows, so that TR-TE=EDP B.9.

² The primary balance is calculated as (EDP B.9, item 8) plus (EDP D.41, item 9)

³ A plus sign means deficit-reducing one-off measures.

⁴ P.11+P.12+P.131+D.39+D.7+D.9 (other than D.91).

⁵ Including those collected by the EU and including an adjustment for uncollected taxes and social contributions (D.995), if appropriate.

⁶ Includes cash benefits (D.621 and D.624) and in kind benefits (D.631) related to unemployment benefits.

⁷ D.29+D4 (other than D.41) + D.5+D.7+P.52+P.53+K.2+D.8.

Source: CBS, Ministry of Finance

Table 2b. No-policy change projections ¹

	2013 (level, HRK billion)	2013 (% of GDP)	2014 (% of GDP)	2015 (% of GDP)	2016 (% of GDP)	2017 (% of GDP)
1. Total revenue at unchanged policies	134.7	41.0	41.8	42.6	43.2	n.a
2. Total expenditure at unchanged policies	150.8	45.9	48.0	47.7	47.2	n.a

Note: The cut-off date is February 2014.

¹ The projections shall start at the time when the Stability or Convergence Programme is drafted (please indicate the cut-off date) and show revenue and expenditure trends under a 'no-policy change' assumption, as defined on p.15. Therefore, figures for X-1 should correspond to actual data for revenue and expenditure.

Source: CBS, Ministry of Finance

Table 2c. Amounts to be excluded from the expenditure benchmark

	2013 (level, HRK billion)	2013 (% of GDP)	2014 (% of GDP)	2015 (% of GDP)	2016 (% of GDP)	2017 (% of GDP)
1. Expenditure on EU programmes fully matched by EU funds revenue	1.7	0.5	1.2	1.4	2.1	2.9
2. Cyclical unemployment benefit expenditure¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Effect of discretionary revenue measures²	n.a.	n.a.	0.8	0.6	0.0	0.0
4. Revenue increases mandated by law	0.8	0.3	1.6	0.6	0.4	0.0

¹ Please detail the methodology used to obtain the cyclical component of unemployment benefit expenditure. It should build on unemployment benefit expenditure as defined in COFOG under the code 10.5

² Revenue increases mandated by law should not be included in the effect of discretionary revenue measures: data reported in rows 3 and 4 should be mutually exclusive.

Source: Ministry of Finance

Table 3. General government expenditure by function

	COFOG Code	2012 (% of GDP)	2017 (% of GDP)
1. General public services	1	5.2	
2. Defence	2	1.5	
3. Public order and safety	3	2.4	
4. Economic affairs	4	4.3	
5. Environmental protection	5	0.2	
6. Housing and community amenities	6	1.2	
7. Health	7	6.2	
8. Recreation, culture and religion	8	1.1	
9. Education	9	4.2	
10. Social protection	10	14.7	
11. Total expenditure (=item 7=23 in Table 2)	TE ¹	42.0	45.8

¹Adjusted for the net flow of swap-related flows, so that TR-TE=EDP B.9

Source: Ministry of Finance

Table 4. General government debt developments

	ESA Code	2013 (% of GDP)	2014 (% of GDP)	2015 (% of GDP)	2016 (% of GDP)
1. Gross debt¹		67.1	71.7	71.0	71.2
2. Change in gross debt ratio		11.2	4.6	-0.7	0.2
Contributions to changes in gross debt					
3. Primary balance²		1.9	0.8	-0.1	-1.0
4. Interest expenditure³	EDP D.41	3.1	3.5	3.7	3.8
5. Stock-flow adjustment*		6.3	0.3	-4.2	-2.5
<i>of which:</i>					
- Differences between cash and accruals ⁴					
- Net accumulation of financial assets ⁵		3.0	2.5	0.6	0.6
<i>of which:</i>					
- privatisation proceeds		0.1	0.6	0.6	0.6
- Valuation effects and other ^{6*}		3.0	1.9		
p.m.: Implicit interest rate on debt⁷		5.4	5.3	5.3	5.5
Other relevant variables					
6. Liquid financial assets ⁸					
7. Net financial debt (7=1-6)		67.1	71.7	71.0	71.2
8. Debt amortization (existing bonds) since the end of the previous year					
9. Percentage of debt denominated in foreign currency					
10. Average maturity				-	-

* The amount in 2013 refers to USD bond issued in November 2013 for financing needs in 2014 while the amount in 2014 refers to financing needs in 2015.

¹ As defined in Regulation 479/2009 (not an ESA concept)

² Cf. item 10 in Table 2.

³ Cf. item 9 in Table 2.

⁴ The differences concerning interest expenditure, other expenditure and revenue could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.

⁵ Liquid assets (currency), government securities, assets on third countries, government controlled enterprises and the difference between quoted and non-quoted assets could be distinguished when relevant or in case the debt-to-GDP ratio is

⁶ Changes due to exchange rate movements, and operation in secondary market could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.

⁷ Proxied by interest expenditure divided by the debt level of the previous year.

⁸ AF1, AF2, AF3 (consolidated at market value), AF5 (if quoted in stock exchange; including mutual fund shares).

Table 5. Cyclical developments

% of GDP	ESA Code	Year X-1	Year X	Year X+1	Year X+2	Year X+3
	ESA Code	2013 (% of GDP)	2014 (% of GDP)	2015 (% of GDP)	2016 (% of GDP)	2017 (% of GDP)
1. Real GDP Growth (%)		-1.0	0.0	1.2	1.3	1.5
2. Net Lending of general government	EDP B.9	-4.9	-4.4	-3.5	-2.7	-2.5
3. Interest expenditure	EDP D.41	3.1	3.5	3.7	3.8	3.7
4. One-off and other temporary measures¹		0.0	0.8	0.6	0.0	0.0
5. Potential GDP growth (%)		-0.3	-0.1	0.4	0.7	0.9
contributions:						
- labour		-0.7	-0.7	-0.3	-0.1	0.0
- capital		0.3	0.4	0.5	0.5	0.5
- total factor productivity		0.1	0.2	0.3	0.3	0.3
6. Output gap		-2.8	-2.7	-2.0	-1.4	-0.8
7. Cyclical budgetary component		0.0	0.0	0.0	0.0	0.0
8. Cyclically-adjusted balance (2 - 7)		-4.9	-4.4	-3.5	-2.7	-2.5
9. Cyclically-adjusted primary balance (8 + 3)		-1.9	-0.8	0.1	1.0	1.3
10. Structural balance (8 - 4)		-4.9	-5.2	-4.2	-2.7	-2.5

¹ A plus sign means deficit-reducing one-off measures.

Source: CBS, Ministry of Finance

Table 6. Divergence from previous update*

	ESA Code	2013	2014	2015	2016	2017
Real GDP growth (%)						
Previous update		0.7	2.4	3.5	3.5	n.a.
Current update		-1.0	0.0	1.2	1.3	1.5
Difference		-1.7	-2.3	-2.3	-2.2	n.a.
General government net lending (% of GDP)						
	B.9					
Previous update		-3.6	-3.4	-3.1	-2.6	n.a.
Current update		-4.9	-4.4	-3.5	-2.7	-2.5
Difference		-1.4	-0.9	-0.4	-0.1	n.a.
General government gross debt (% of GDP)						
Previous update		56.2	57.5	57.5	57.0	n.a.
Current update		67.1	71.7	71.0	71.2	71.2
Difference		10.9	14.2	13.5	14.3	n.a.

Note:

Data for 2013 are from the EDP Fiscal Notification and projections are based on the MoF budgetary plans and estimates.

* Previous update is 2013 Economic Programme of Croatia.

Source: CBS, Ministry of Finance

Table 7. Long-term sustainability of public finances

	2007 (% of GDP)	2010 (% of GDP)	2020 (% of GDP)	2030 (% of GDP)	2040 (% of GDP)	2050 (% of GDP)	2060 (% of GDP)
Total expenditure							
Of which: age-related expenditures							
Pension expenditure							
Social security pension							
Old-age and early pensions							
Other pensions (disability, survivors)							
Occupational pensions (if in general government)							
Health care							
Long-term care (<i>this was earlier included in the health care</i>)							
Education expenditure							
Other age-related expenditures							
Interest expenditure							
Total revenue							
Of which: property income							
Of which: from pensions contributions (or social contributions if appropriate)							
Pension reserve fund assets							
Of which: consolidated public pension fund assets (assets other than government liabilities)							
Systemic pension reforms¹							
Social contributions diverted to mandatory private scheme ²							
Pension expenditure paid by mandatory private scheme ³							
Assumptions							
Labour productivity growth							
Real GDP growth							
Participation rate males (aged 20-64)							
Participation rates females (aged 20-64)							
Total participation rates (aged 20-64)							
Unemployment rate							
Population aged 65+ over total population							

¹ Systemic pension reforms refer to pension reforms that introduce a multi-pillar system that includes a mandatory fully funded pillar.

² Social contributions or other revenue received by the mandatory fully funded pillar to cover for the pension obligations it acquired in conjunction with the systemic reform

³ Pension expenditure or other social benefits paid by the mandatory fully funded pillar linked to the pension obligations it acquired in conjunction with the systemic pension reform

Source: Ministry of Finance

Table 7a. Contingent liabilities

	2013 (% of GDP)	2014 (% of GDP)
Public guarantees	16.4	n.a.
<i>Of which: linked to the financial sector</i>	n.a.	n.a.

Source: Ministry of Finance

Table 8. Basic assumptions

This table should preferably be included in the programme itself; if not, these assumptions should be transmitted to the Council and the Commission together with the programme.

	2013	2014	2015	2016	2017
Short-term interest rate (annual average)	n.a	n.a	n.a	n.a	n.a
Long-term interest rate (annual average)	n.a	n.a	n.a	n.a	n.a
USD/€ exchange rate (annual average) (euro area and ERM II countries)	1.3	1.4	1.4	1.4	1.4
Nominal effective exchange rate (for countries not in euro area or ERM II) exchange rate vis-vis the € (annual average)	0.9	0.3	0.0	0.0	0.0
World excluding EU, GDP growth	3.6	4.1	4.4	n.a.	n.a
EU GDP growth	0.1	1.6	2.0	n.a.	n.a
Growth of relevant foreign markets	1.4	4.1	5.6	5.8	5.9
World import volumes	2.5	4.9	6.0	n.a.	n.a
Oil prices (Brent, USD/barrel)	108.8	104.1	99.6	94.6	91.5

Source: EC, IMF, Ministry of Finance