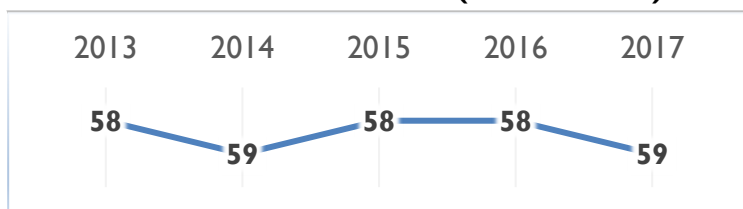


CROATIA

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2017

- Stimulate overall GDP growth specifically through FDI and all investment initiatives.
- Implement administrative guillotine making regulatory framework simple and transparent. Fast-track public administration reforms to improve efficiency.
- Decrease business tax burden, especially para-fiscal fees and hidden costs to create a more favorable business environment.
- Reform the education sector, focusing on new skills and competencies in line with future market needs.
- Implement focused measures to increase employment and retain the young, educated work force in Croatia.

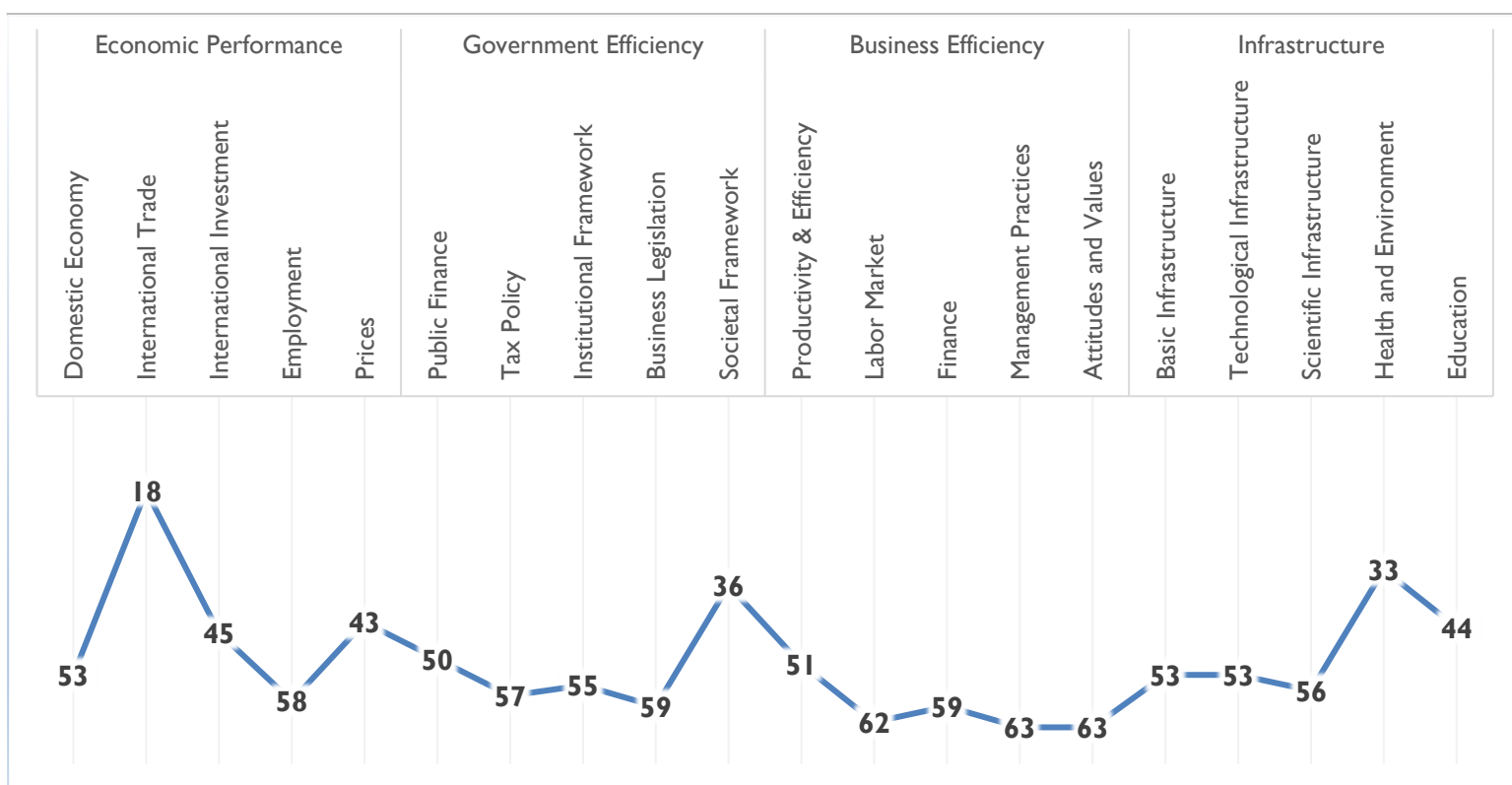
Provided by:

National Competitiveness Council, Zagreb

BASIC FACTS

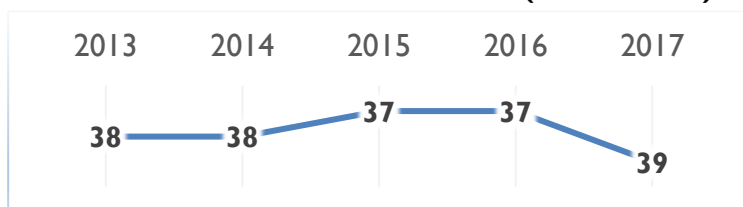
		Rank
Capital	Zagreb	
Land area (square km '000)	57	2016
Exchange Rate (per \$)	6.806	2016
Population - market size (millions)	4.17	2016 54
Gross Domestic Product (GDP) (US\$ billions)	50.4	2016 55
GDP (PPP) per capita (US\$)	22,791	2016 46
Real GDP growth (%)	2.9	2016 19
Consumer price inflation (%)	-1.13	2016 4
Unemployment rate (%)	13.27	2016 58
Labor force (millions)	1.83	2016 54
Current account balance (% of GDP)	2.69	2016 21
Direct investment stocks inward (\$bn)	26.4	2015 56
Direct investment flows inward (% of GDP)	3.74	2016 17

COMPETITIVENESS LANDSCAPE

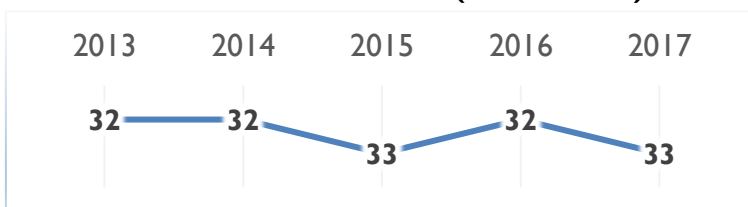


PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



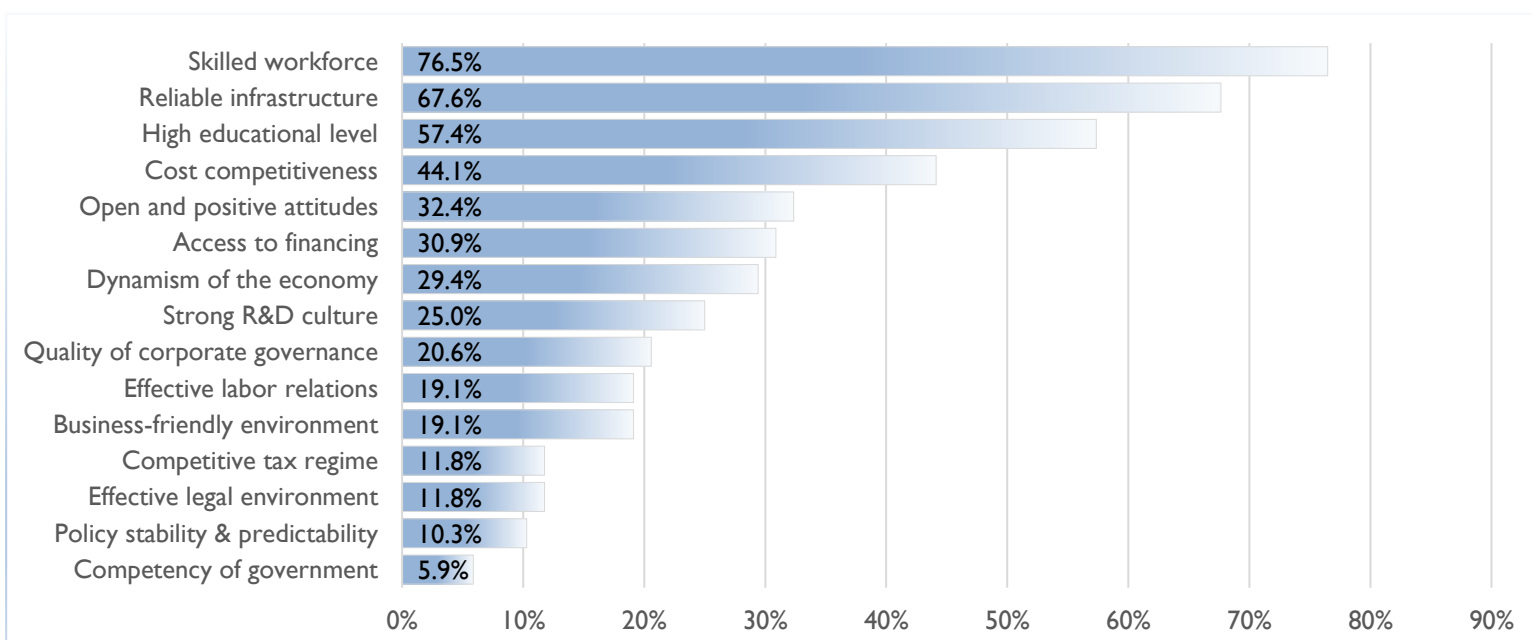
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

IMPROVEMENTS	WCY	WCY	DECLINES	WCY	WCY
	2016	2017		2016	2017
1.1.14 Real GDP growth	1.6	2.9	1.2.02 Current account balance	5.21	2.69
2.1.09 Public finances	1.59	2.86	4.1.25 Electricity costs for industrial clients	0.120	0.160
2.1.02 Government budget surplus/deficit (%)	-3.20	-0.80	2.5.04 Ageing of society	1.97	1.42
1.1.15 Real GDP growth per capita	2.19	3.71	2.4.18 Unemployment legislation	3.87	2.91
2.3.10 Adaptability of government policy	1.17	1.83	4.5.09 Student mobility inbound	0.20	0.15
4.4.18 Renewable energies (%)	16.4	24.9	4.2.15 Development and application of technology	4.22	3.23
1.4.07 Long-term unemployment	13.20	6.60	2.3.12 Transparency	2.76	2.14
2.4.15 Start-up days	12.0	7.0	2.3.14 Bribery and corruption	2.13	1.69
4.5.03 Public expenditure on education per pupil	18.0	25.3	4.5.15 University education	3.22	2.60
1.5.02 Adjusted consumer price inflation	6.46	4.13	2.4.12 Parallel economy	3.28	2.70
2.2.13 Real corporate taxes	2.48	3.31	3.2.11 Employee training	4.41	3.66
4.2.10 Internet bandwidth speed	6.3	8.2	4.5.14 Science in schools	2.83	2.34
2.3.03 Interest rate spread	7.73	5.40	3.2.23 International experience	3.84	3.23
1.4.08 Youth unemployment	42.70	31.33	4.1.18 Water transportation	5.90	5.00
2.3.09 Legal and regulatory framework	1.97	2.46	4.2.17 Technological regulation	4.69	3.97

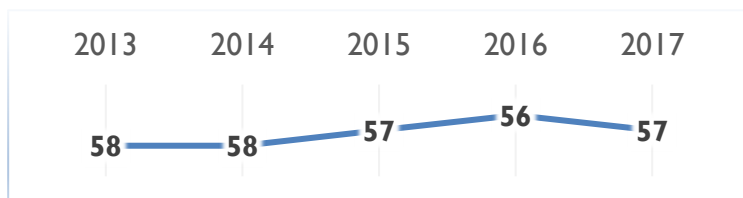
KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



CROATIA

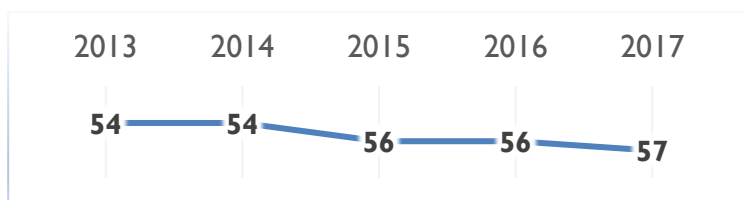
ECONOMIC PERFORMANCE



Sub-Factor Rankings :

	2016	2017
Domestic Economy	58	53
International Trade	24	18
International Investment	52	45
Employment	60	58
Prices	39	43

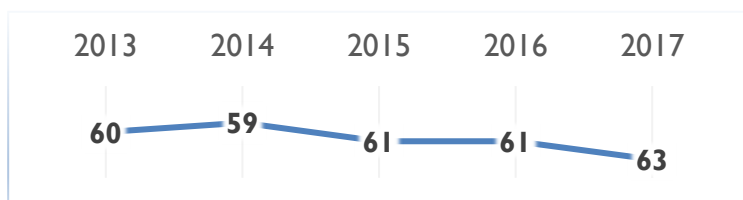
GOVERNMENT EFFICIENCY



Sub-Factor Rankings :

	2016	2017
Public Finance	54	50
Tax Policy	54	57
Institutional Framework	54	55
Business Legislation	55	59
Societal Framework	33	36

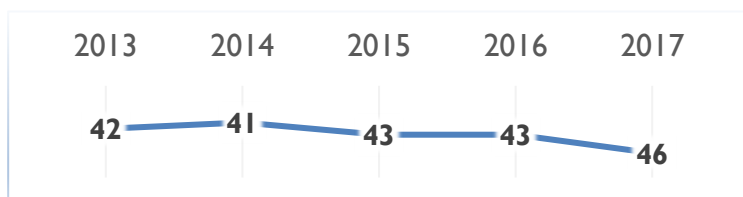
BUSINESS EFFICIENCY



Sub-Factor Rankings :

	2016	2017
Productivity & Efficiency	52	51
Labor Market	60	62
Finance	56	59
Management Practices	60	63
Attitudes and Values	61	63

INFRASTRUCTURE



Sub-Factor Rankings :

	2016	2017
Basic Infrastructure	49	53
Technological Infrastructure	52	53
Scientific Infrastructure	52	56
Health and Environment	34	33
Education	42	44

CROATIA

STRENGTHS

Economic Performance	Rank
1.2.25 Tourism receipts	1
1.2.18 Export concentration by product	1
1.5.05 Office rent	5
1.1.15 Real GDP growth per capita	6
1.2.13 Exports of commercial services (%)	7
1.5.03 Cost-of-living index	12
1.1.18 Gross fixed capital formation - real growth	17
1.3.06 Direct investment flows inward (% of GDP)	17
1.1.14 Real GDP growth	19
1.2.02 Current account balance	21

Government Efficiency	Rank
2.5.14 Disposable Income	2
2.4.01 Tariff barriers	14
2.2.08 Corporate tax rate on profit	15
2.5.03 Homicide	18
2.3.07 Foreign currency reserves per capita	20
2.1.02 Government budget surplus/deficit (%)	21
2.5.07 Gini coefficient	23
2.4.15 Start-up days	26
2.4.20 Redundancy costs	31
2.3.08 Exchange rate stability	33

Business Efficiency	Rank
3.2.06 Working hours	8
3.2.04 Remuneration of management	10
3.2.03 Remuneration in services professions	25
3.2.01 Compensation levels	25
3.2.16 Female labor force	31

Infrastructure	Rank
4.2.01 Investment in Telecommunications	7
4.5.04 Pupil-teacher ratio (primary education)	10
4.5.05 Pupil-teacher ratio (secondary education)	11
4.5.03 Public expenditure on education per pupil	14
4.4.18 Renewable energies (%)	15
4.5.08 Women with degrees	21
4.2.03 Mobile Telephone costs	25
4.4.17 Exposure to particle pollution	26
4.4.08 Medical assistance	27
4.4.01 Total health expenditure	28

WEAKNESSES

Economic Performance	Rank
1.1.19 Resilience of the economy	60
1.4.06 Unemployment rate	58
1.4.02 Employment (%)	58
1.2.08 Exports of goods (\$bn)	57
1.1.13 Diversification of the economy	57
1.4.08 Youth unemployment	56
1.3.07 Direct investment stocks inward (\$bn)	56
1.5.02 Adjusted consumer price inflation	56
1.2.26 Exchange rates	56
1.3.03 Direct investment stocks abroad (\$bn)	55

Government Efficiency	Rank
2.5.04 Ageing of society	63
2.2.12 Real personal taxes	62
2.4.10 State ownership of enterprises	61
2.4.13 Ease of doing business	61
2.3.10 Adaptability of government policy	61
2.3.09 Legal and regulatory framework	61
2.4.19 Immigration laws	60
2.4.18 Unemployment legislation	60
2.3.13 Bureaucracy	60
2.4.03 Protectionism	59

Business Efficiency	Rank
3.5.06 Digital transformation in companies	63
3.2.20 Attracting and retaining talents	63
3.5.04 Flexibility and adaptability	63
3.4.03 Opportunities and threats	63
3.4.05 Credibility of managers	63
3.5.03 National culture	63
3.5.08 Corporate values	63
3.4.10 Entrepreneurship	63
3.4.11 Social responsibility	63
3.2.11 Employee training	63

Infrastructure	Rank
4.2.15 Development and application of technology	62
4.5.15 University education	62
4.2.14 Public-private partnerships	62
4.3.24 Knowledge transfer	62
4.3.25 Innovative capacity	62
4.1.08 Population - growth	61
4.5.16 Management education	61
4.5.14 Science in schools	61
4.2.17 Technological regulation	61
4.5.13 Educational system	61