



HUP

Hrvatska udruga poslodavaca

[Croatia's national recovery plan \(as proposed by CEA\)](#)

Main CEA's measures and recommendations for the Croatian national recovery plan were published in July 2020 in the [CEA's Work programme 2020](#). In addition to the proposed programme, in September 2020 CEA announced [additional measures and reforms](#), clearly dividing them into short-term ('corona') measures and longer-term (strategic) reforms.

In this regard, reforms and measures that CEA considers crucial for the recovery of the Croatian economy from the crisis caused by the coronavirus, but also for its growth and convergence towards developed EU member states in the coming period can be divided into two basic groups:

1. **Short-term and rapid measures** needed due to the crisis caused by the COVID-19 pandemic for employers to overcome business problems in uncertain environment, and
2. **Structural reforms, of a somewhat longer-term character**, which include deeper interventions in both public and private sector and are necessary to improve business conditions and strengthen the competitiveness of the Croatian economy.

In the **short-term** the focus is on the **three key issues**:

1. Preservation of jobs
 - CEA supports the announced extension of the Government's job preservation programmes: essential for preservation of businesses and retaining level of consumption in the economy.
2. Ensuring (financial) liquidity in the economy
 - Liquidity support measures is a priority to support recovery and allocation for loan guarantees is strongly recommended, especially for SME's.
3. Encouraging consumption and investments
 - Strengthening domestic demand, while closely monitoring demand in the main export markets.
 - Continue with public procurements and public investment projects so as not to further jeopardize private sector business, but also encourage private investment.

In the **longer-term** the main recommendations revolve around **three main areas**:

1. Structural reforms (mainly in the public sector - to increase competitiveness and boost investments)
 - Reform of the judicial system: enhance legal security and transparency, speed up proceedings and make them more transparent, focus on digitalization.
 - Health care system reform: reduce the accumulation of debt, make spending in the system more rational.

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- Public administration reform: decentralization and digitalisation, facilitation of business start-up processes, reduction of administrative procedures and increase the efficiency in issuing permits and other documents important for business and investments.
- Tax system reform: reduce the overall fiscal and parafiscal burden for the business sector and make the system more stable and predictable.

2. Labour and social issues

- Make labour law more modern and flexible, including responding to the challenges posed by the crisis by flexibilizing remote work.
- Enable easier employment of both domestic and foreign labour force.
- Improve the skill structure of the labour force by modernizing the education system to meet the labour market needs, increase the share of highly educated, but also those in lifelong learning, focus on digital skills, etc. to increase the overall productivity.
- Reduce the number of (unjustified) sick leave days at the expense of employers.
- Continue with active labour market programmes (ALMPs) to preserve jobs, but also to further stimulate employment and self-employment and to enhance skills in the labour market (upskilling/reskilling).

3. Digital and green economy

- Reduce administrative barriers to building mobile and fixed broadband networks.
- Accelerate the development of the 5G network.
- Digitization of public and state administration and assistance to small and medium entrepreneurs in faster digitalization of businesses.
- Include the ICT sector as a vertical industry in the new S3 strategy.
- Encourage investment in R&D and improve links between the research and business sectors.
- Encourage and implement innovation in the sectors such as agriculture and energy to increase self-sufficiency of food and energy-related products.
- Bold recovery package for energy efficiency, digital transformation, emission reduction and robotisation in the manufacturing sector.
- Project continuation in energy sector to achieve climate targets: R&D and innovations in new technologies (hydrogen, CCS, RES), building alternative fuels infrastructure and advanced biofuels aligned with NECP.
- Better use of the principle of Most Economically Advantageous Tender in procurement and funding programme: value-based public procurement.
- Energy renovation in building sector and supporting electro-mobility.