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## **CROATIA UNVEILS REFORMS TO BOOST ECONOMY**

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BalkanInsight

Croatia's government on Thursday passed a package of 60 reforms designed to boost growth, cut public debt, narrow the deficit, reduce unemployment and attract investment.

Following a six-year recession, in 2015 Croatia's public debt was 87 per cent of its annual GDP, its budget deficit was 2.9 per cent of GDP and its GDP grew by 1.6 per cent compared to 2014. The unemployment rate in March was 17.2 per cent.

The reforms, passed three months since the centre-right government assumed office, will include raising the regular retirement from 65 to 67 and introducing a real estate tax.

The new retirement age will not be introduced until 2028, however, while the real estate tax, which will further be discussed in the government, will be introduced as a utility contribution tax for people owning more than one property.

According to the EU statistics agency Eurostat, Croatian citizens are second in the whole of the EU in terms of property ownership. Around 90 per cent of people live in their own homes.

The government has also announced that it will put to use - and manage better - the country's large state-owned properties.

A new system of salaries for public officials will be introduced and officials will be able to compete for financial rewards aimed at stimulating an entrepreneurial spirit in the public administration.

The government plans new tax deductions and simplifying the process of public procurement to attract investors.

The government says it plans to boost GDP growth to 2.3 per cent by 2018, cut public debt to 80 per cent by 2019 and cut the budget deficit between 100 and 200 million euros by July, when international credit ranking agencies will decide Croatia's credit ranking.

Prime Minister Tihomir Oreskovic said the reforms were fair.

This plan is a very ambitious project with which we want to prove that we are starting tough but fair reforms," he said.

"Without reforms, we won't be able to raise our long-term potential for economic growth, he added, noting that the plan represents an 18-month strategy.

Sven Milekic BIRN Zagreb

<http://www.balkaninsight.com/en/article/croatia-passes-reforms-to-boost-economy-04-28-2016#sthash.FUNI4IKC.dpuf>

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