Impact of increased surveillance requirements on EU candidate and potential candidate countries

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ECONOMIC AND FISCAL SURVEILLANCE

Potential candidate countries:

- Economic and Fiscal Programme

Candidate countries:

- Pre – Accession Economic Programme
- Fiscal Notification
WORLD FINANCIAL AND ECONOMIC CRISIS

FTSE 100

Source: Eurostat

REAL ANNUAL CHANGE OF THE WORLD OUTPUT

Source: IMF
FINANCIAL SECTOR

STOCK PRICES

Source: Eurostat, ZSE

SHORT TERM INTEREST RATES

Source: Reuters

CREDIT GROWTH TO DOMESTIC SECTORS IN CROATIA

Source: CNB
IMPACT ON THE REAL ECONOMY

REAL Y-O-Y GDP CHANGE

Y-O-Y CHANGE OF IMPORTS AND EXPORTS

SEASONALLY ADJUSTED ILO UNEMPLOYMENT RATE

Source: Eurostat
MEASURES OF THE CROATIAN GOVERNMENT

- Decision on the increase in the deposit guarantee scheme in 2008

- Three supplementary budgets in 2009:
  - First supplementary budget: GG revenue plan revised by 2.6 GDP percentage points, expenditure by 1.8 GDP percentage points
  - Second and third supplementary budgets: further reduction of GG revenue by 1.9 and expenditure by 0.5 percentage points
  - Deficit of the GG higher compared to the initial plan

- Three financing programmes were formulated by the government in 2010 to alleviate the reluctance of banks to lend money to business sector

- Government adopted comprehensive Economic Recovery Programme
ECONOMIC RECOVERY PROGRAMME

Economic recovery and more efficient economy will be achieved by:

- Reduced spending in the public sector
- Reallocation of budget expenditures
- Reduction of state interventions in the economy
- Initiation of the new investment cycle
- Increasing the pace of structural reforms

These measures are aiming at the final result of:

- Providing more space to the private sector
- Increased competitiveness
- Improved investment climate
CONCLUSION

- Fiscal discipline
- Fiscal rules
- Position in the cycle
- Structural reforms and economic growth potential
Thank you for your attention!