



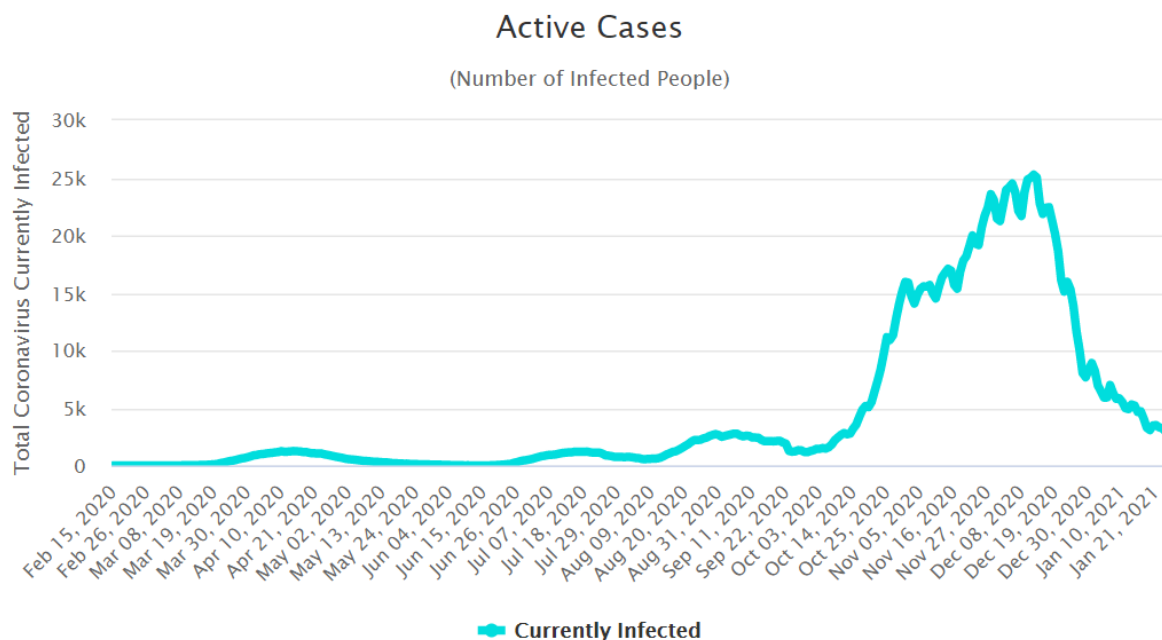
## THE COVID-19 CRISIS IN CROATIA

31 January 2021

### COVID-19 health situation – December 2020/January 2021

- After a sharp increase in the number of coronavirus infections in late October, the epidemiological situation in Croatia progressively worsened. The number of new cases reached record high levels mid-December, with up to 4 620 new daily cases. The situation began to stabilize towards the end of the year, and on 27 January, [857 new cases](#) were recorded. The number of total cases up to date stands at [230 359](#).
- On 29 December, central Croatia was struck by a [magnitude 6.4 earthquake](#), causing casualties and severe material damage. The earthquake was the second one to hit Croatia in 2020, after the Zagreb earthquake in March, and has added to the difficulty of tackling the pandemic.

### Evolution of active cases in Croatia



Source: Worldometers.info

## Policy reactions – January 2021

### *Measures to slow the spread of the virus and support the health system*

- Croatia is participating in the joint EU vaccine procurement. As of 19 January, Croatia ordered [5.6 million](#) doses of vaccine from four producers (AstraZeneca/Oxford, Johnson&Johnson/Janssen, Pfizer/BioNTech, and Moderna), and negotiations of additional orders are ongoing. Currently ordered amounts are expected to assure vaccination of 2.8 million people, accounting for more than 65% of total population.
- The vaccination plan is divided into [3 phases](#): during the first phase, which began on 27 December, vaccination is planned for health workers and nursing homes residents, in the second phase for people with chronic diseases, and in the third phase for the entire population. The [government](#) plans to vaccinate the majority of the at risk population, or about 1 million people, by April 2021. Following the earthquake, [priority](#) vaccination was also conducted for population in temporary collective accommodation and emergency services in affected areas. As of 14 January, more than [38 000 people](#) received the vaccine.
- In the first two weeks of January, two shipments of additional [sanitary equipment](#) (facemasks, suits) arrived in Croatia, raising the amount of the government's investment in equipment to around 1.4 million EUR in 2021.
- As of 28 November, the organisation of public events and funerals gathering more than 25 participants, and private gatherings with more than ten participants from two households are prohibited. Weddings are not allowed. It is recommended for religious ceremonies not to take place within the places of worship. The measures will remain in place until [31 January](#).
- Bars, restaurants, nightclubs and fitness centres remain closed. Sport practice and competitions are not allowed, except for the highest level professional athletes. All stores are obliged to respect limits determining maximum number of customers on site.
- The wearing of facemasks is mandatory in open spaces, in cases where adequate physical distance cannot be assured. As of 28 November, wearing the facemask in public transport is mandatory, while the number of passengers cannot exceed 40% of total capacity.
- As of 30 November and until [31 January](#), all passengers entering Croatia from the Schengen area, except for those on the [ECDC green list](#), must provide a negative PCR test not older than 48 hours upon entry. In December, the application of these conditions was extended to residents of third (non-Schengen) countries listed in the EU Council Recommendation (EU 2020/2169). Other third country residents entering directly from third countries, may only enter Croatia upon justification of personal or professional reasons. As of [13 January](#), passengers entering from countries in which the expansion of the new type of coronavirus is noted need to provide a negative PCR test and observe a 14-day quarantine upon entry.
- The school year started in September, with schools being able to choose the mode of instruction (between physical, mixed and distance learning). [Over 92% of schools](#) chose the first mode, i.e. in-classroom, presence-based education in September, with this share decreasing to around [78% as of 22 October](#). Following a prolonged winter break, the second school semester started on 18 January, with new measures being introduced. Students in [grades one to four of elementary school and the final grade of high school](#) resumed with physical learning, while all other students follow a distance learning mode. The beginning of the second semester in some schools in areas affected by the earthquake is [further postponed](#).

### *Economic support measures*

- The Ministry of Labour and Pension System extended its [employment subsidies programme](#) until the end of February. The measure was first introduced in March 2020 to cover salaries of full-time and part-time workers (with a monthly amount of up to 4 000 HRK per worker), as well as part of fixed costs of employers in sectors affected by the pandemic. Eligible companies are the ones who experienced a significant (40%+) decrease in revenues, or had to discontinue their economic activities due to imposed measures. In addition, it will apply in the maximum amount to all companies in areas where the state of natural disaster was declared following the earthquake.

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## **Economic impact and outlook**

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### *Macroeconomic data*

- Croatian economy was hit hard by the pandemic. The European Commission [Autumn Economic Forecast](#) estimated a recession of around 9.6% GDP in 2020 (vs. 2.9% in 2019), driven mainly by fall in the tourism sector, domestic consumption and difficulties in exports. According to the [Ministry of Finance](#), an optimistic growth of 5% of GDP is forecasted in 2021, driven by the increase in domestic demand, with Croatia strongly relying on EU funds in a future plan for post-pandemic economic recovery.
- The Croatian Employment Institute counted [around 150 000 unemployed persons](#) in December 2020, which represents a 21.3% increase in the number of registered unemployed compared to December 2019.

### *Fiscal and financial data*

- As a consequence of economic slowdown and expansive fiscal measures aimed at mitigating the impact of the pandemic, the [Ministry of Finance](#) estimated the budget deficit to be at 8% of GDP in 2020, following a rather balanced budget in the previous year. According to the same forecast published in autumn 2020, the Ministry expected the budget deficit to decrease to 2.9% of GDP in 2021. The public debt was projected to reach 87.3% of GDP in 2020, and decrease by two percentage points in 2021. The effects of the destructive earthquake that occurred in December 2020 and subsequent government spending for supporting the affected areas are still to be taken into account in possible adjustments of the given projections.
- The [HRK-EUR exchange rate](#), which plummeted at the onset of the crisis (from 0.1343 to 0.1311 between February and April), has regained some value but has not yet reached its pre-crisis level (as of October it is at 0.132, although fluctuations have been observed). The government confirmed that the envisaged date of entering the euro area remains [1 January 2023](#). The Zagreb Stock Exchange's main indicator, [CROBEX](#), lost over 27% of its value in the first month of the crisis. It has, however, regained some of its lost value and its stabilisation in July has been followed by slow growth. On 27 January 2021 the index was worth around 87% of its 2020 value.

**All previously published COVID-19 notes for Croatia can be accessed [here](#)**

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