



Croatia

Overview

EIB INVESTMENT SURVEY



EIB Group Survey on Investment and Investment Finance Country Overview: Croatia

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of some 12 300 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

About this publication

This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 40 economists, is headed by Debora Revoltella, Director of Economics.

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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

EIBIS 2017 – COUNTRY OVERVIEW

Croatia

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of some 12 300 firms that gathers information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and sustainability across all 28 EU Member States.

EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 536 firms in Croatia in 2017 (carried out between April and July).

Key results

Macroeconomic context	Croatia is witnessing a broad-based and strong recovery, with aggregate investment growing at 5% annually, but still 26% below its 2008 peak. Investments of corporations is lagging the most. Nevertheless, during the last two years investment was underpinned by improved business sentiment, supportive monetary policy and stronger public investments. Investment is forecasted by the European Commission to grow by some 4.2% in 2017.
Investment outlook:	The strong recovery is confirmed on the firm-level as well, with more firms increasing than reducing their investment in the last financial year. The positive investment outlook is one of the highest in the EU, despite the troubles facing Croatia's largest private company.
Investment activity:	84% of firms invested in the last financial year , a pattern similar to the EU average in both waves. Although investment intensity (investment per employee) remains lower than the EU average, it is on the upper side compared to the other CESEE countries.
Perceived investment gap:	More Croatian firms than firms EU-wide report having invested too little , over the last three years (22% versus 15%). While the average share of state-of-the-art machinery and equipment of Croatian firms is below the EU average, the share of energy-efficient building stock meets the average EU level. The perceived investment gap might be heightened, however, due to the improving economic outlook as well. 42% of firms name capacity expansion as reason to invest in the next three years.
Investment barriers:	Uncertainty about the future and skilled staff availability continue to be the two most eminent barriers to investment quoted by firms, just as EU-wide.
External finance:	13% of firms are finance constrained , a relatively higher share than the EU average (7%). Moreover, SMEs are more likely to face difficulties in obtaining external financing relative to large firms.
Firm performance:	Firms' productivity across Croatia is lower than the EU average but similar to firms in other CESEE countries. Labour market improvement on the macro level is confirmed by the favourable employment dynamics on the firm-level.

INVESTMENT DYNAMICS

INVESTMENT ACTIVITY IN LAST FINANCIAL YEAR

Over eight in ten firms in Croatia invested in the last financial year (84%, the same as in the previous wave and the EU average).

Investment intensity in Croatia increased slightly compared to previous wave but remains below the EU average.

Firms in the infrastructure sector were more likely to invest than average (90%) and those in the construction sector least likely (76%). The infrastructure sector also has the highest investment intensity in Croatia.

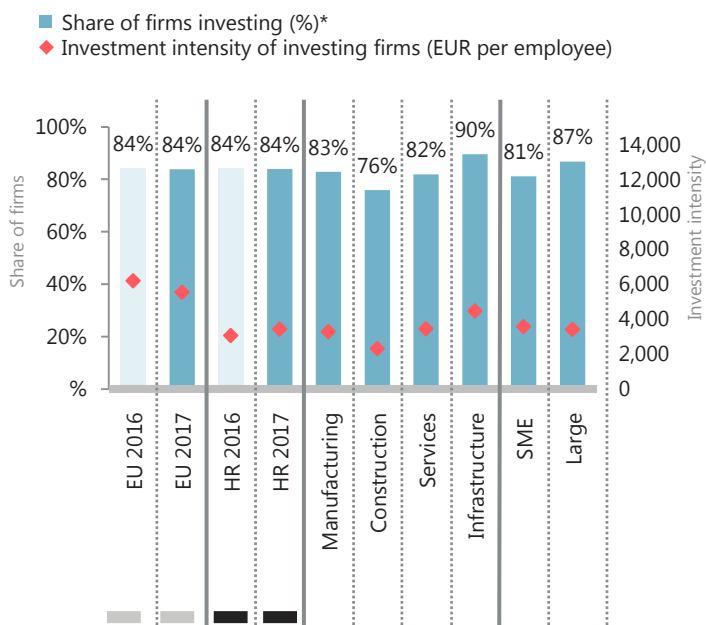
**The blue bars indicate the proportion of firms who have invested in the last financial year.*

A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.

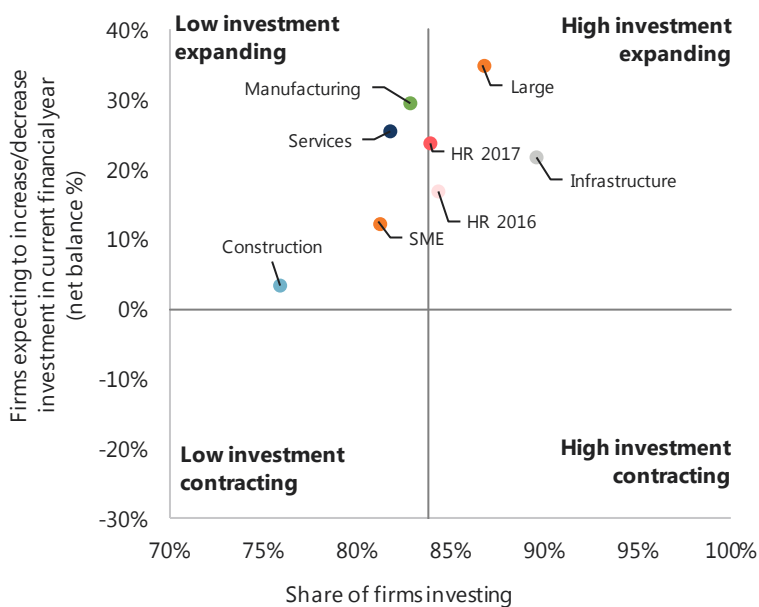
Investment intensity is the median investment per employee of investing firms.

Investment intensity is reported in 2015 values (using the Eurostat GFCF deflator).

Base: All firms (excluding don't know/refused responses).



INVESTMENT CYCLE



Base: All firms

Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

The y-axis line crosses x-axis on the EU average for 2016.

Investment activity in the country has been relatively constant through the two waves. Nevertheless, there are more large companies than SMEs that are investing, and their outlook is also better in the current year.

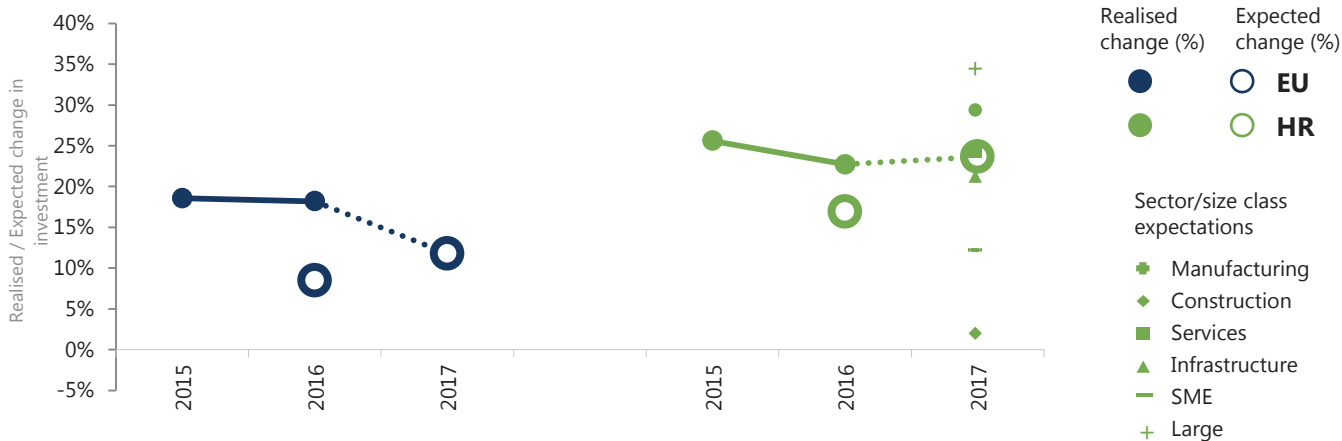
Retail remained strong in Croatia due to accelerated consumption while tourism has been booming, pushing service sector higher.

Manufacturing is still not back to its pre-crisis level and recently decelerated by the restructuring of the largest food-processing company. Nevertheless, they expect the highest expansion of investment for the current financial year which is encouraging for the near future.

INVESTMENT DYNAMICS

EVOLUTION OF INVESTMENT EXPECTATIONS

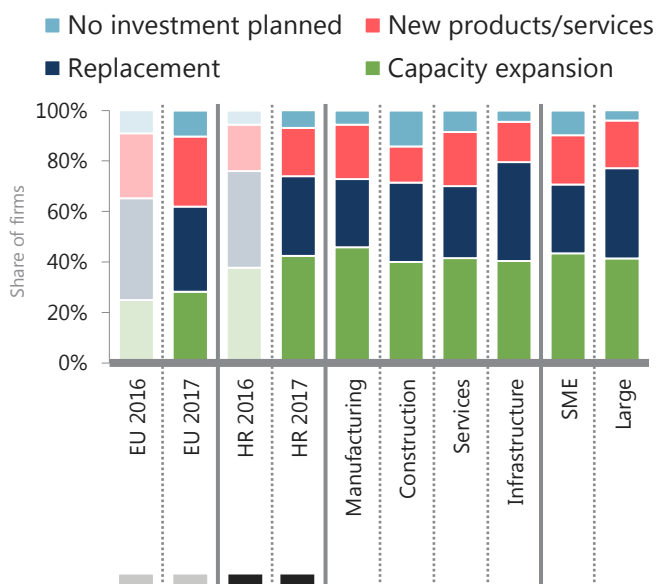
Looking at the net balance, 23% more Croatian firms increased than reduced their investment activities in the last financial year, above expectations (17%) stated in the previous wave. In the current year, this positive outlook continues and is above the EU average. Large firms and manufacturing firms are expecting more investment. Construction sector has relatively less favourable outlook, but still on the positive trend (+3%).



Base: All firms

'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

FUTURE INVESTMENT PRIORITIES



Base: All firms (excluding don't know/refused responses)

Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Looking ahead to the next three years, capacity expansion is most commonly cited as a priority (by 42% of firms), followed by replacing existing buildings, machinery, equipment and IT (32%) and investment in new products, processes and services (19%).

This pattern applies across all types of firm.

There has been a small shift compared to the previous wave, with capacity expansion gaining this year a higher priority than replacement investment.

Firms in Croatia are more likely to prioritise capacity expansion than those EU-wide (42% in Croatia compared to 28% across the EU) while investment in new products is less likely to be prioritised compared to the EU average.

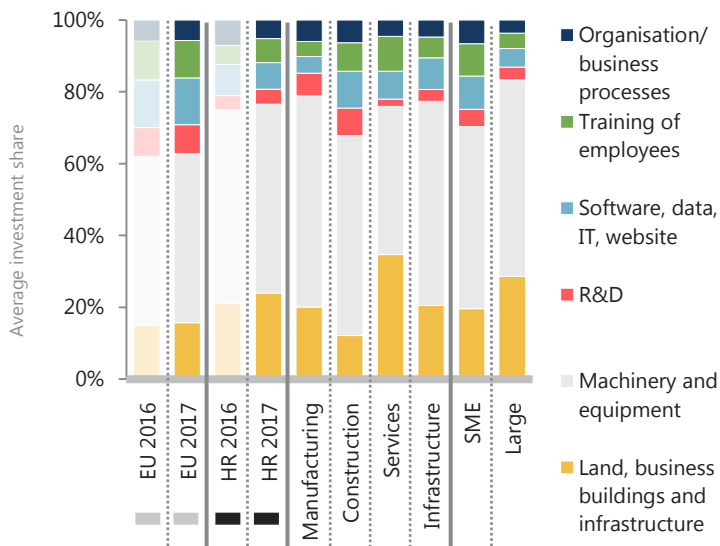
INVESTMENT FOCUS

INVESTMENT AREAS

Of the six investment areas asked about, more than half of investment spend in Croatia is on machinery and equipment (53%), followed by land, business buildings and infrastructure (24%). Other areas of investment, which are intangible investments, each account for 7% or less.

The pattern is very similar to 2016. Compared to the EU average, the share of investments in tangible investment is higher (47% on machinery and equipment EU-wide, and 16% on land, buildings and infrastructure).

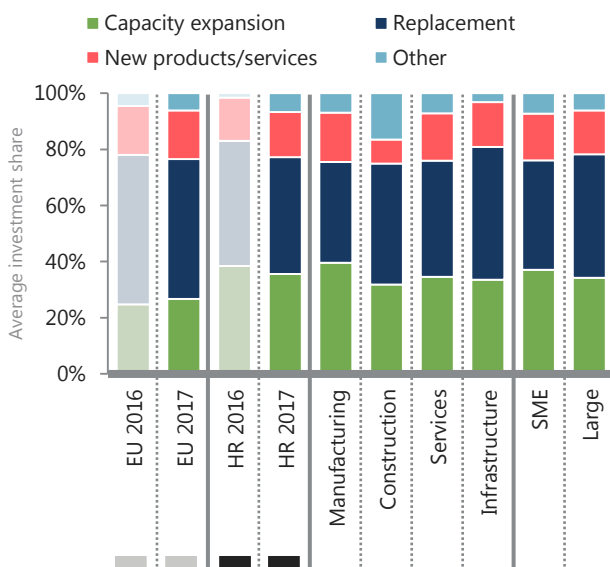
Within Croatia, firms in the service sector spend a higher share on land, buildings and infrastructure than firms in other sectors, and large firms spend also a higher share in this category than SMEs.



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Unlike the future investment priorities, the largest share of investment in Croatia in the last financial year was to replace existing buildings, machinery, equipment and IT (42%), with capacity expansion taking a lower share (36%).

Findings in Croatia are similar to the previous wave. There was also little variation by firm size or sector, though manufacturing firms allocated a slightly higher share to capacity expansion (40%) than replacement (36%).

INVESTMENT FOCUS

INNOVATION ACTIVITY

More than one in three firms in Croatia (37%) developed or introduced new products, processes or services as part of their investment activities. This is similar to the previous wave and this year's EU average (both 35%).

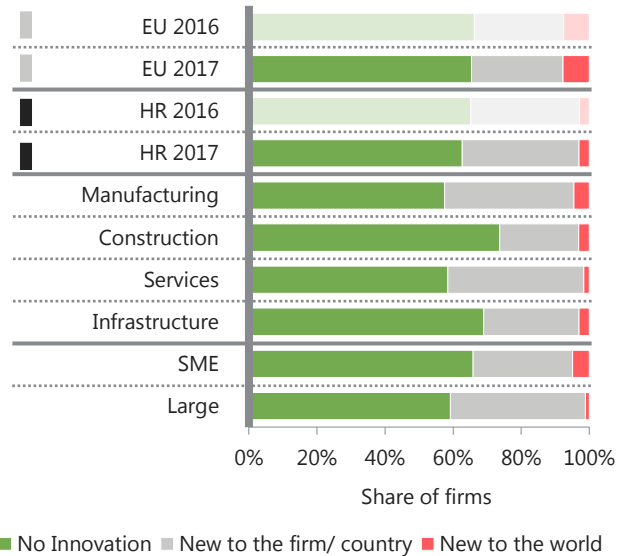
Manufacturing and service firms were more likely to innovate (43%), compared to firms in the construction and infrastructure sectors (26% and 31% respectively).

Only three per cent of firms in Croatia claim to have undertaken innovations that were new to the global market, which is below the EU average (8%). Contrary to the EU average, SMEs were more active than large firms, with 5% of firms developing innovation new to the world.

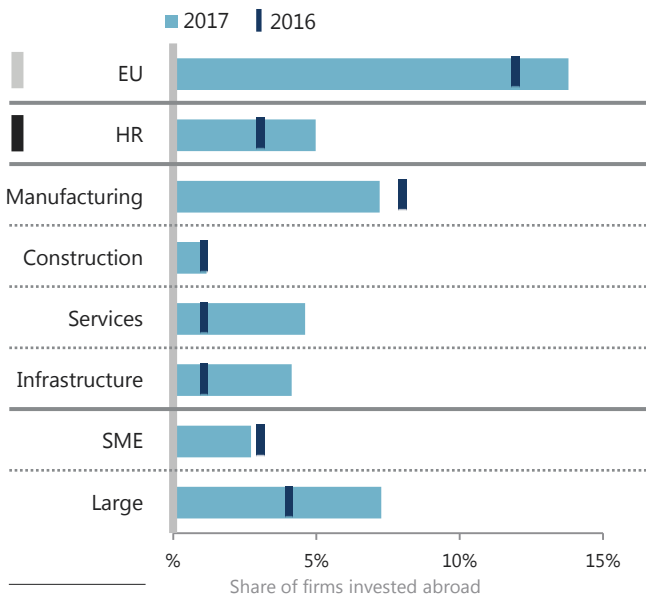
Base: All firms (excluding don't know/refused responses)

Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?



INVESTMENT ABROAD



Base: All firms who invested in the last financial year

Q. In the last financial year, has your company invested in another country?

Among firms in Croatia that invested in the last financial year, 5% had invested in another country, which is below the EU average (14%) while it is just the same as the CESEE average. Both figures are only marginally higher than the previous wave.

There is little discernible difference according to firm size and sector within Croatia, though large firms and manufacturing firms are most likely to have invested abroad (7% in both instances).

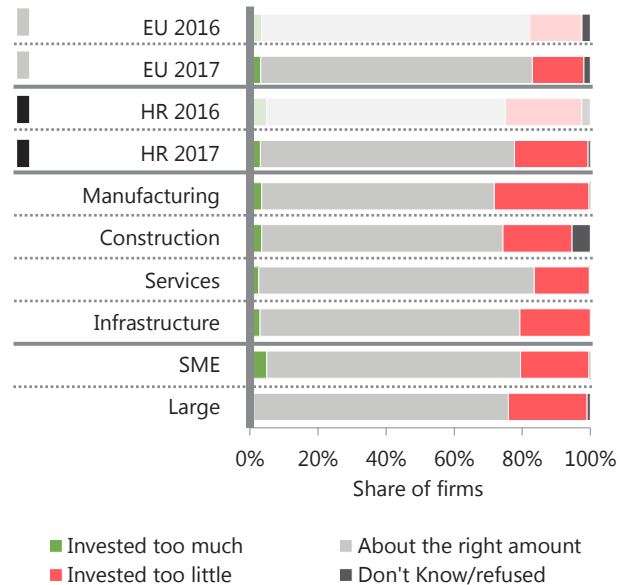
INVESTMENT NEEDS

PERCEIVED INVESTMENT GAP

More than one in five firms in Croatia (22%) believe they invested too little in the last three years. While this is unchanged since the previous wave, firms in Croatia remain more likely to say this than the EU average (15% in both waves).

The perceived investment gap might be either because of the low realised rate of investment relative to the needs but it might be also due to increasing needs of investment correlated with better market perspectives.

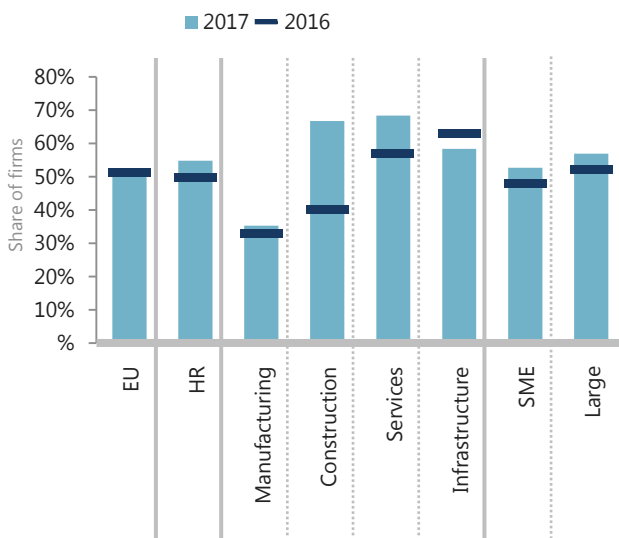
Nonetheless, three-quarters of firms report their investment over the last three years to be just about the right amount (75% in Croatia, close to the EU-wide average of 79%).



Base: All firms (excluding 'Company didn't exist three years ago' responses)

Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Base: All firms

Full capacity is the maximum capacity attainable under normal conditions e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Just over half of firms in Croatia report operating at or above maximum capacity in the last financial year (55%), which is similar to the EU average of 53%. Both are similar to the findings last wave.

Within Croatia, there is considerable variation by sector. Firms in the service and construction sectors are almost twice as likely than firms in the manufacturing sector to say they have been operating at or above full capacity (68% for services compared with only 35% of manufacturing firms).

This result is just in line with the historically strong tourism that should spur investments in hotel capacity while industrial production, despite the positive trend of the last two years, is still not back at the 2008 level.

INVESTMENT NEEDS

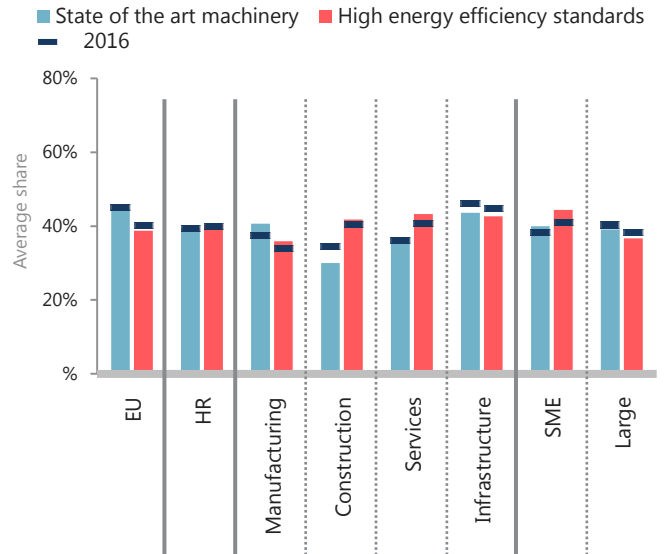
SHARE OF STATE OF THE ART MACHINERY AND BUILDING STOCK MEETING HIGH ENERGY EFFICIENCY STANDARDS

The average share of state-of-the-art machinery and equipment in firms is below the EU average (39% versus 45%).

However, the proportion of firms' building stock that meets high energy efficiency standards (40%) is in line with the EU average of (39%).

The findings in Croatia shows no major changes compared to the previous year. Nevertheless we can notice some improvements in the energy efficient building stocks for service firms and SMEs.

Construction firms now report a lower share of state-of-the-art machinery (30%) than infrastructure and manufacturing sector firms.



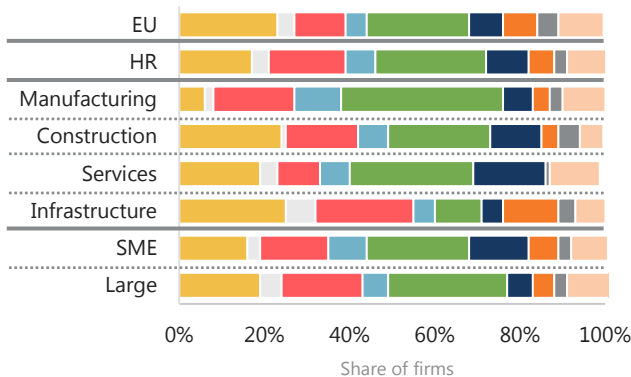
Base: All firms

Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

PUBLIC INVESTMENT PRIORITIES

- Transport infrastructure
- ICT infrastructure
- Professional training/HE
- Energy supply/distribution
- None/DK/Refused
- Public transport
- Childcare/schools
- Hospitals/care
- Social housing



Base: All firms

Q. From your business' perspective, if you had to prioritise one area of public investment for the next 3 years, which one would it be?

According to the Croatian firms who were asked which public investment they thought should be the priority over the next 3 years, professional training and higher education would be the priority (26% of respondents). This was followed by ICT infrastructure (selected by 18%) and transport infrastructure (17%).

Professional training/HE is also the most commonly cited priority across the EU (by 24% of firms). However, transport infrastructure is close behind (on 23% of EU firms). Within Croatia firms are therefore more likely to prioritise ICT infrastructure and less likely to prioritise transport infrastructure when compared with the EU average.

Manufacturing firms are most likely to prioritise professional training/HE (selected by 38%) and least likely to select transport infrastructure (6%). Service sector firms were most likely to prioritise hospitals and care (17%, versus 10% of all Croatian firms).

DRIVERS AND CONSTRAINTS

SHORT TERM INFLUENCES ON INVESTMENT

On balance more firms expect the political and regulatory climate to deteriorate than improve in the next 12 months, though the consensus is less negative in Croatia than the EU average.

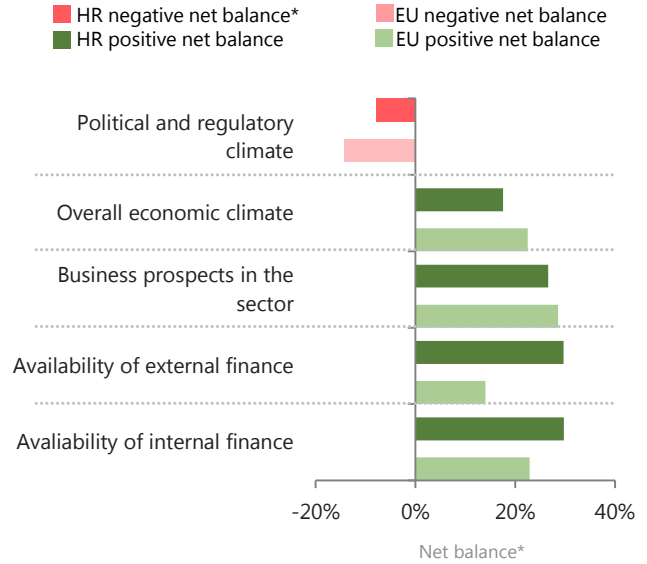
Firms in Croatia and EU-wide are positive about the other influences on investment. Firms in Croatia are more positive on the availability of internal and external finance in the year ahead, as compared with firms EU-wide.

Survey results confirm the record high sentiment indicators in Croatia reached in the first quarter of 2017.

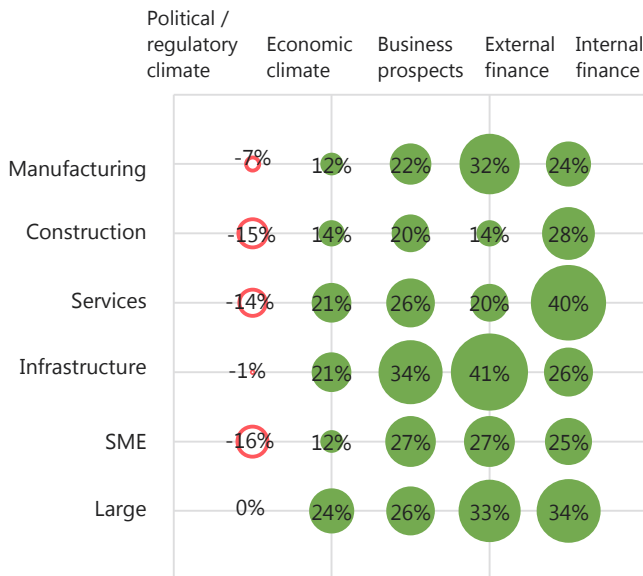
**Net balance is the share of firms expecting improvement minus the share of firms expecting a deterioration*

Base: All firms

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?



SHORT TERM INFLUENCES BY SECTOR AND SIZE (NET BALANCE)



Base: All firms

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

SMEs, construction firms and service sector firms are relatively more likely to expect a deterioration in the political and regulatory climate in the next twelve months, with large firms displaying a neutral outlook.

All types of firm regardless of size and sector display a positive outlook on the other indicators. Large firms are more positive than SMEs on the availability of finance. Infrastructure and service sector firms are more confident of an improvement in the overall economic climate and their sector's business prospects.

Croatian firms are more likely to feel positive on the availability of external finance as compared to firms EU-wide (14%). This confirms the credit supply conditions that eased further during 2016 for both SMEs and large firms.

DRIVERS AND CONSTRAINTS

LONG TERM BARRIERS TO INVESTMENT

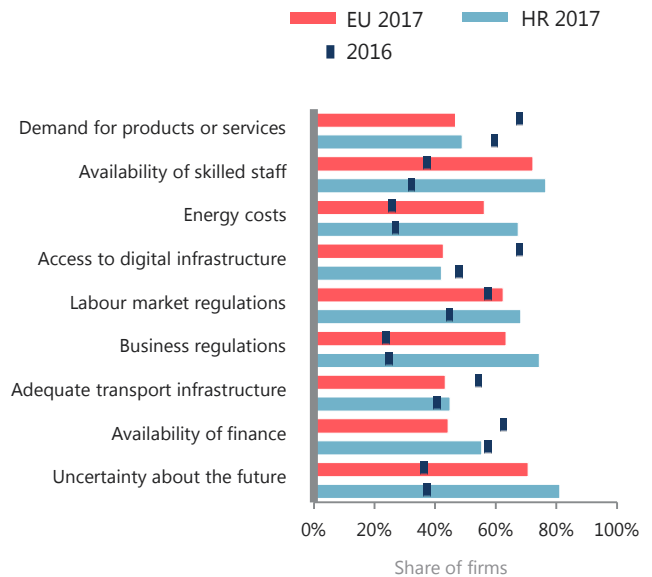
Around eight in ten firms in Croatia consider uncertainty about the future and the availability of skilled staff as obstacles to investment activities (81% and 76% respectively). Business regulations are also a noteworthy obstacle for firms in Croatia (74%, versus 63% EU-wide), followed by labour market regulations and energy costs.

Skilled staff availability is less likely to be an obstacle for infrastructure firms than other sectors, while for manufacturing firms it is actually the largest obstacle (for 82% of respondents).

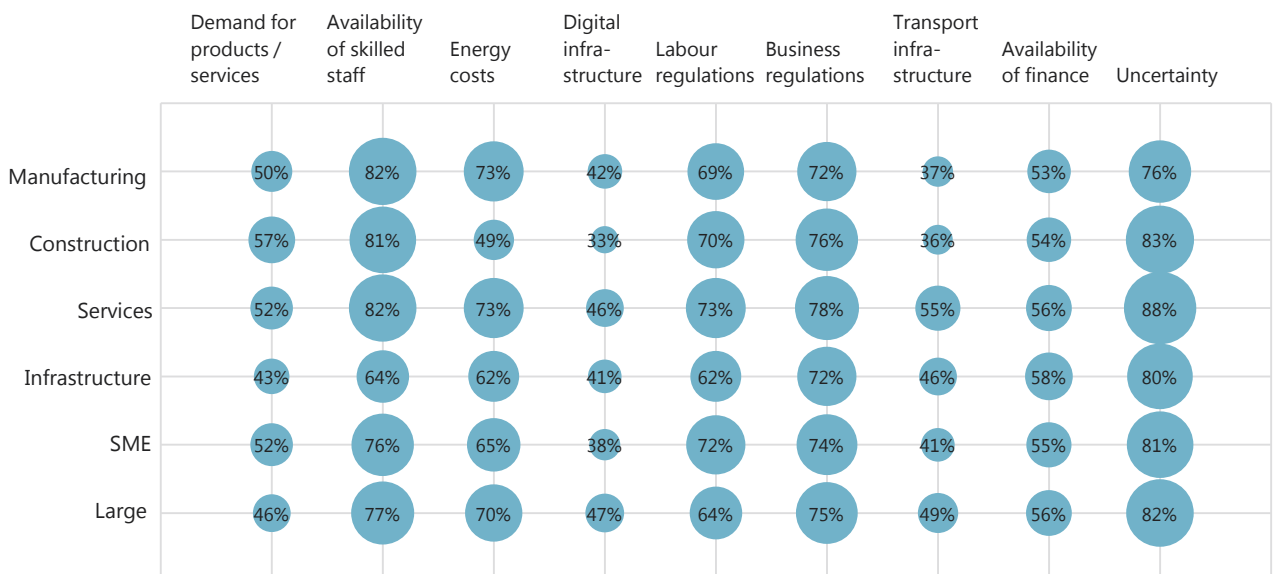
Unemployment rate, although still double digit, decreased remarkably in Croatia. Labor market conditions are tightening, not only via increased employment but also due to negative demographic trends and outward migration.

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Q. Thinking about your investment activities in Croatia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?



LONG TERM BARRIERS BY SECTOR AND SIZE



Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Q. Thinking about your investment activities in Croatia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

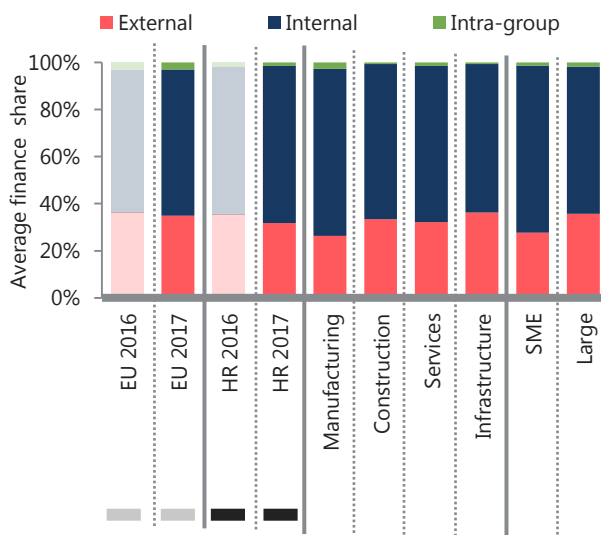
INVESTMENT FINANCE

SOURCE OF INVESTMENT FINANCE

As in the previous wave, internal funds account for the highest share of investment finance (67%). This is broadly similar both to the EU average and the share reported in Croatia in the last wave (62% and 63% respectively).

Large firms report a higher share of external financing (36%, compared to 28% among SMEs). There is comparatively little variation in the share of internal and external finance used by firms in different sectors.

Just as in the case of EU firms, a minor share of financing is coming from intra-group sources (2%), that is mainly the case of manufacturing firms, while this source of financing is less prevalent for firms in other industries.

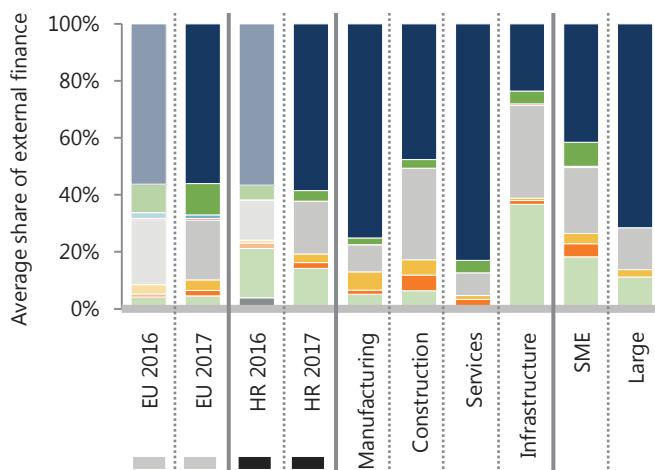


Base: All firms who invested in the last financial year (excluding don't know/refused responses)

Q. What proportion of your investment was financed by each of the following?

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES

- Bank loan
- Equity
- Non-institutional loans*
- Other bank finance
- Leasing
- Grants
- Bonds
- Factoring
- Other



Bank loans account for the majority share of external finance (58%), followed by leasing (18%) and grants (14%). This pattern is relatively consistent with the previous wave.

Grant funding accounts for a significantly higher share of firms' external finance in Croatia than across the EU (14% compared to the EU average of 5%) and they are used mainly by firms in the infrastructure sector, with a higher share of SMEs.

Other forms of bank finance such as overdrafts make up a lower share of external finance compared to EU countries (4%, versus 11% EU-wide).

Bank loans make up an especially high share of external finance among service sector firms (83%) and manufacturing firms (75%).

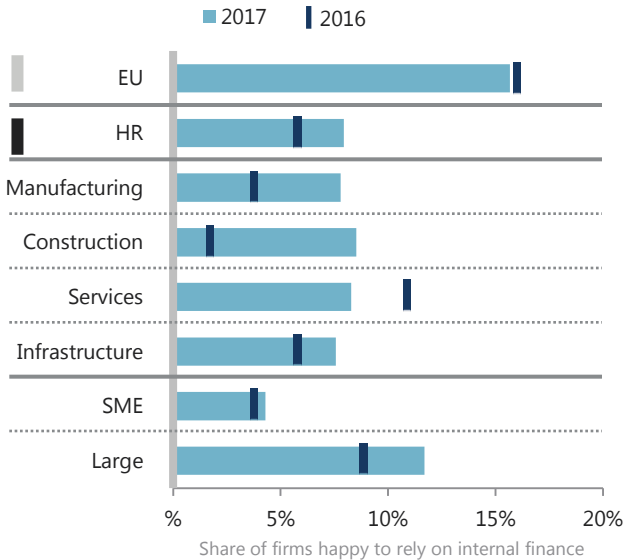
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

INVESTMENT FINANCE

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT



Eight per cent of all firms within Croatia say that their main reason for not applying for external finance was because they do not need it or are happy to use internal funds.

This is slightly higher than in the previous wave but below the EU average of 16% in both waves. The willingness to rely on internal funds has increased most for construction and manufacturing companies, while there is a lower share of service firms for which sufficient internal finance is the reason behind not applying for an external loan.

Large firms are more likely to say this than SMEs (12% versus 4%).

Base: All firms

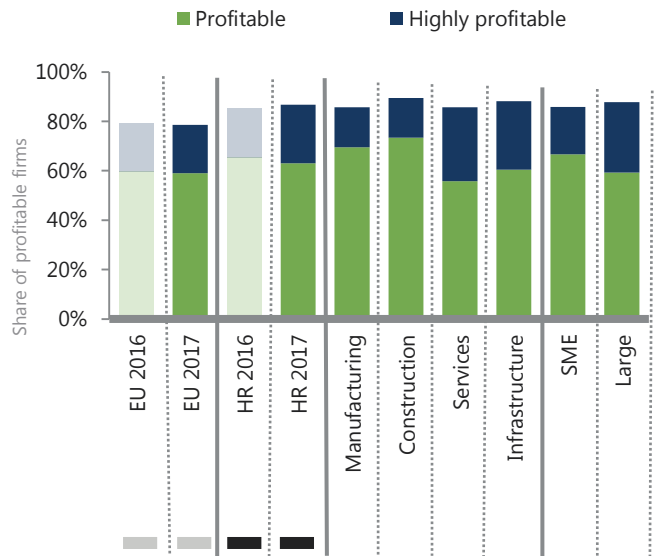
Q. What was your main reason for not applying for external finance for your investment activities? (Unprompted) Was happy to use internal finance/didn't need the finance

SHARE OF PROFITABLE FIRMS

Around one-quarter (24%) of firms in Croatia report being highly profitable (i.e. profit at least 10% of their turnover), peaking at 30% of service sector firms and 29% of large firms.

The proportion of profitable firms overall is 87%, the joint second highest level across the EU.

While firms' profitability reflects the good economic conditions, the high shares also indicate the higher quality of bank's credit portfolio.



Base: All firms (excluding don't know/refused)

Q: Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profit being 10% or more of turnover

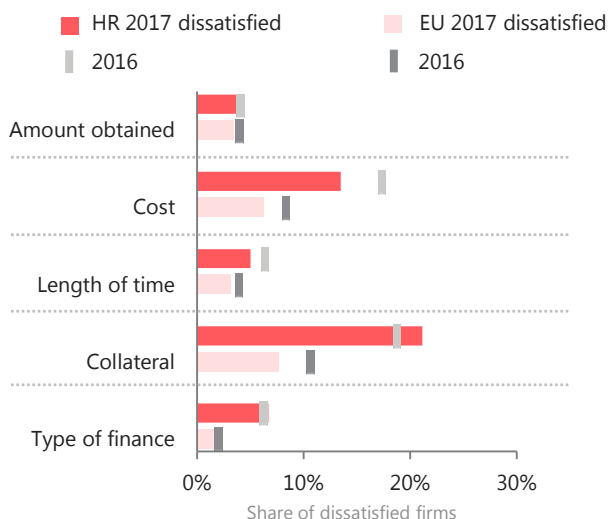
SATISFACTION WITH FINANCE

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Among firms that used external finance, only a small share of firms are dissatisfied with the amount, maturity and type of finance received. However, levels of dissatisfaction among Croatian firms tend to be higher than the EU average.

One in five firms are dissatisfied with the collateral requirements (21% versus 8% across the EU), and more firms in Croatia are dissatisfied with the cost of external finance relative to the EU average (13% versus 6%).

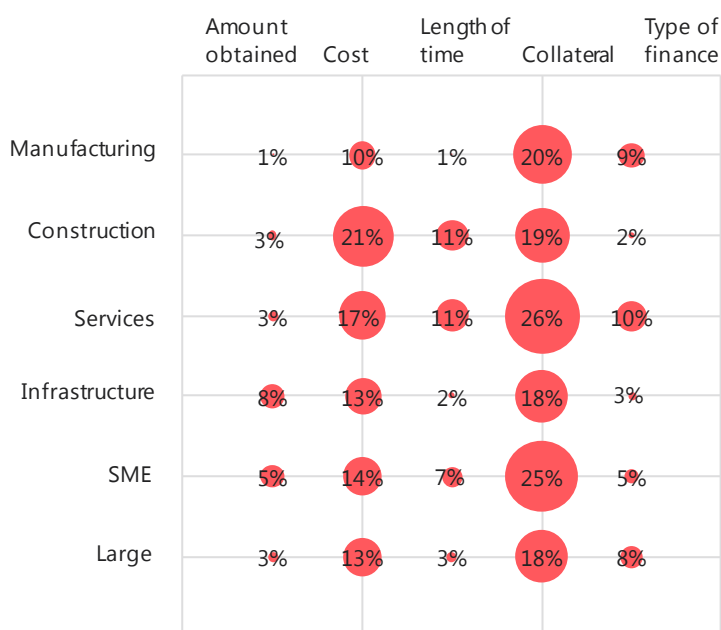
Although monetary policy in Croatia was overall supportive, the lending standards remained relatively tight compared to the increased credit demand.



Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. How satisfied or dissatisfied are you with?

DISSATISFACTION BY SECTOR AND SIZE



Given the relatively low number of firms in each size and sector grouping, and low levels of dissatisfaction reported, the survey finds no meaningful differences among different groups of firm based on size and sectors.

However, service sector firms and SMEs are most likely to be dissatisfied with collateral requirements while construction firms are most likely to be dissatisfied by the cost of financing.

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. How satisfied or dissatisfied are you with?

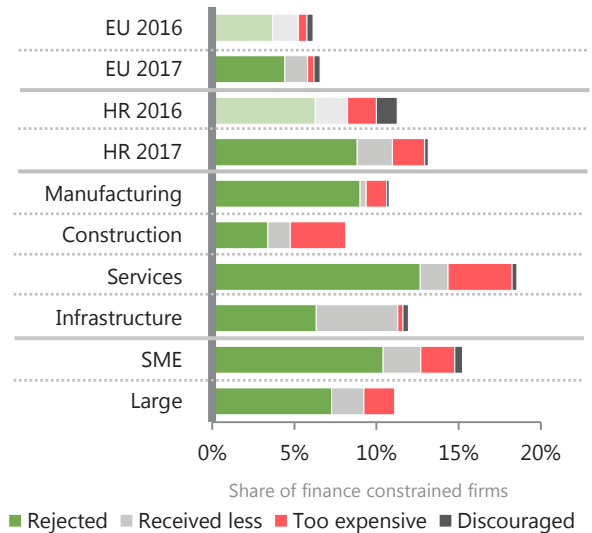
SATISFACTION WITH FINANCE

SHARE OF FINANCE CONSTRAINED FIRMS

Thirteen per cent of all firms can be considered finance constrained, higher than the EU average of 7%.

SMEs are more likely to be external finance constrained relative to large firms.

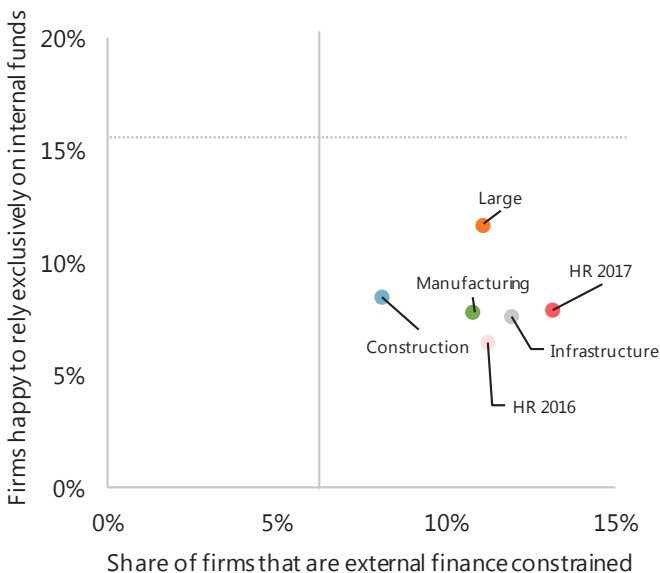
Among sectors, firms in services (13%) and manufacturing (9%) are more likely to be rejected when they apply for an external finance. Moreover, a relatively higher share of service firms (4%) compared to firms from other sectors considers that borrowing costs would be too expensive and this was their main reason not to seek external finance.



Base: All firms

Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

FINANCING CROSS



Base: All firms

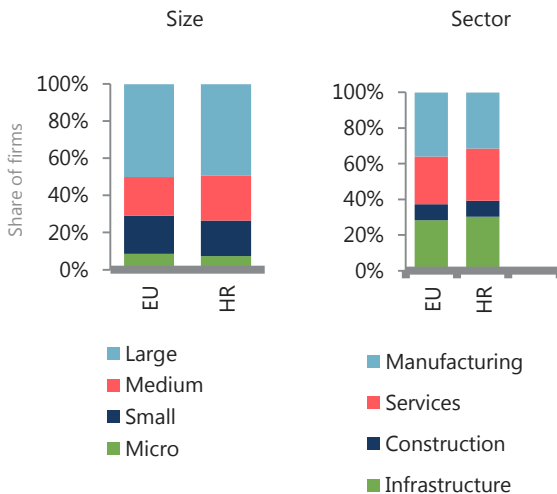
Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'
The x- and y-axis lines cross on the EU average for 2016.

Firms in Croatia are more likely to be finance constrained and at the same time less likely to report that their internal funds are sufficient for financing, compared to the EU average.

This applies to firms of all sizes and sectors in Croatia, but more especially to SMEs that are less likely to be happy to rely exclusively on internal funds and more likely to be external finance constrained, meaning that they are discouraged in applying for external financing or they were rejected or they are dissatisfied with the cost or the amount that they received.

PROFILE OF FIRMS

CONTRIBUTION TO VALUE ADDED



In terms of the weighted size distribution, large firms account for the greatest share of value-added (49%), in line with the EU average (50%). In terms of sectors' contribution, the pattern is also similar to the EU average.

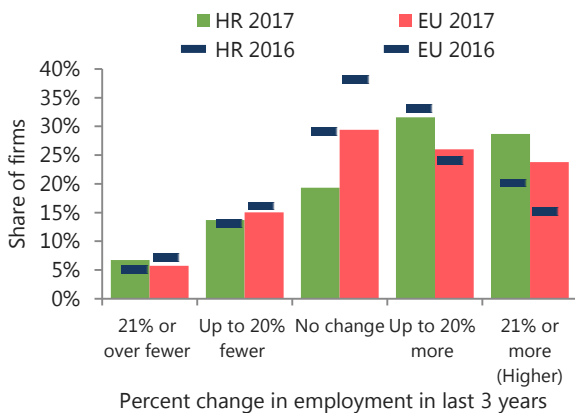
Employment dynamics over the past three years are favourable in Croatia confirming the decreasing unemployment rate on the macro level. More firms say they have expanded than contracted (60% versus 20%), and to a greater extent than the EU average.

Productivity of firms across Croatia is lower than the firms EU-wide but is just on average if we compare with the CESEE countries. Among sectors, the service firms has a relatively higher share of firms with upper productivity.

Base: All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+.

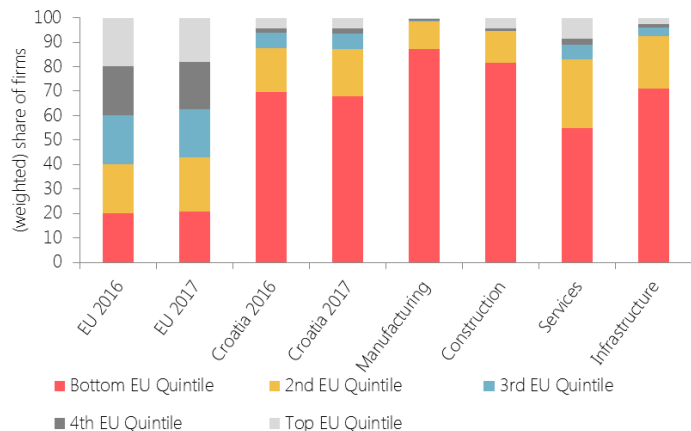
EMPLOYMENT DYNAMICS IN LAST THREE YEARS



Base: All firms (excluding don't know, refused and missing responses)

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

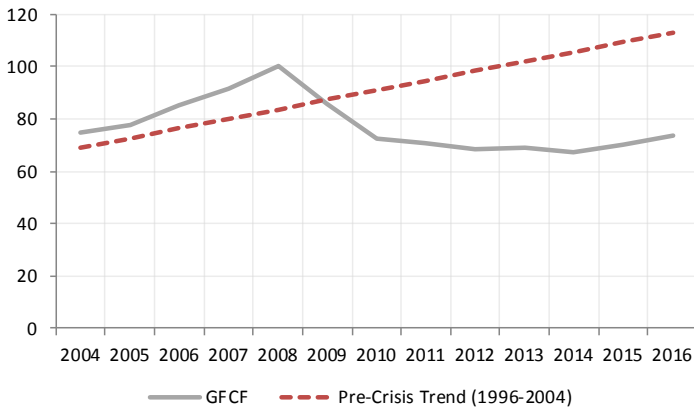
DISTRIBUTION OF FIRMS BY PRODUCTIVITY CLASS



Share of firms by productivity class (Total Factor Productivity). Productivity classes are defined on the basis of the entire EU sample.

MACROECONOMIC INVESTMENT CONTEXT

INVESTMENT DYNAMICS OVER TIME



In 2016, aggregate investment continued the path of positive development with 5% real growth following the 4% recovery in 2015, but it is still significantly below pre-crisis levels (26% below the 2008 peak).

The gap is even more emphasized when compared to the pre-crisis trend despite the last two years' improvement.

The solid rebound of investment is expected to continue this year as well with historically high confidence.

The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend'. The data has been indexed to equal 100 in 2008. Source: Eurostat.

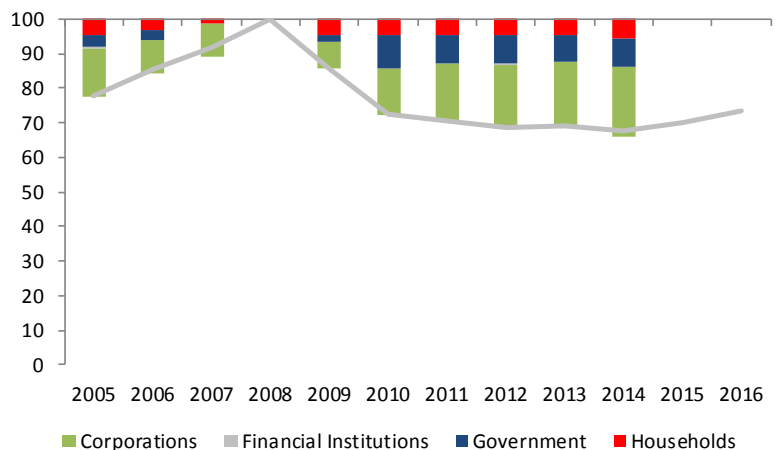
INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

All main sectors are investing less compared to the peak reached in 2008, with the lag being the strongest for private corporations.

The positive investment evolution of the last two years was underpinned by the improved business sentiment, supportive monetary policy but also by the stronger public investments.

Regarding the business outlook, sentiment was facilitated by tax reforms adopted in December 2016 with both corporate and income tax rate cuts.

Despite some weakening of confidence caused by the restructuring of the Croatia's largest private company, the positive trend is set to continue with a strongly performing service sector while public sector investment is expected to be boosted by the EU funds.



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat.

EIB 2017 – COUNTRY TECHNICAL DETAILS

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Croatia, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	Croatia	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs Croatia	Manufacturing vs Construction	SME vs Large
	(12338)	(536)	(152)	(107)	(129)	(145)	(465)	(71)	(12338 vs: 536)	(107 vs 152)	(465 vs 71)
10% or 90%	1.1%	3.2%	5.5%	6.2%	6.6%	6.0%	2.4%	6.0%	3.4%	8.2%	6.5%
30% or 70%	1.6%	4.9%	8.3%	9.5%	10.1%	9.2%	3.7%	9.2%	5.2%	12.6%	9.9%
50%	1.8%	5.4%	9.1%	10.4%	11.0%	10.0%	4.1%	10.1%	5.6%	13.7%	10.8%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Productivity	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

EIB 2017 – COUNTRY TECHNICAL DETAILS

BASE SIZES

Base definition and page reference	EU 2016/ 2017	HR 2016/2017	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 2, 3, 6, 7, 8, 11, 14	12483/12338	487/536	152	107	129	145	465	71
All firms (excluding don't know/refused responses), p. 3	12159/12020	470/523	146	105	127	142	452	71
All firms (excluding don't know/refused responses), p. 5	12071/12073	462/516	147	105	126	135	448	68
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060/10321	387/476	134	93	114	133	416	60
All firms who invested in the last financial year, p. 5	10881/10889	439/503	141	100	120	139	435	68
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453/12306	487/536	152	107	129	145	465	71
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 9	12483/12338	487/536	152	107	129	145	465	71
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 10	9093/9131	398/446	124	90	105	124	385	61
All firms (excluding don't know, refused and missing responses), p. 14	12162/11513	476/509	141	101	124	140	443	66



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Croatia

Overview

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EIB INVESTMENT SURVEY

