



Croatia

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Croatia

EIB Group survey on investment and investment finance 2020.

Country overview: Croatia

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in its positioning, strategy and policy. The department and its 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 organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

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EIBIS 2020 – Croatia

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 16.5% below the pre-crisis 2019 level and halts the positive investment dynamics. COVID-19 has affected firms' investment strategies for 2020 with more than half of firms (52%) investing less than planned. This is above the EU average (45%).

Investment Focus

Around a quarter (28%) of firms with investment plans for the current financial year, plan to abandon or delay their investments as a result of COVID-19, this is in line with the EU average (35%). While a similar share of firms with investment plans (27%) report they will continue on with at least some of their investment plans at a reduced scale or scope, more than the EU average (18%).

Across all sectors, the biggest long term impact of COVID-19 is expected to be the increased use of digital technologies (48%).

Investment Needs and Priorities

Almost seven in ten firms (69%) in Croatia were operating at or above full capacity during the last financial year, an increase on EIBIS 2019 (54%) and now above the EU average (61%).

Looking ahead to the next three years, replacing existing buildings, machinery, equipment and IT and capacity expansion are most commonly cited as firms' main priorities (both 37%).

Innovation Activities

More than one-third of all firms (35%) developed or introduced new products, processes or services as part of their investment activities.

Three in five firms (62%) in Croatia have implemented, either fully or partially, the digital technologies they were asked about. This is in line with EIBIS 2019 and with the EU average (both 63%).

Drivers and Constraints

Firms in Croatia are most pessimistic about the overall economic climate compared with EIBIS 2019 (-72% versus +15%), and is now below the net balance for the EU (-56%).

In Croatia, the most commonly cited long term barriers to investment remains the availability of skilled staff (86%), followed by uncertainty about the future (85%) and business regulations (75%).

Investment Finance

Almost two-thirds of investment activity in Croatian firms was financed by internal sources (65%) in 2019. This is the same share as EIBIS 2019 and remains slightly above the EU average (62%).

Around one in six firms in Croatia report being highly profitable (17%) in the last financial year, in line with EIBIS 2019 and the EU average (18% and 16% respectively).

Access to Finance

Firms using external finance in 2019, are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. However, seven per cent of all firms in Croatia could be considered as financially constrained in 2019, similar to both EIBIS 2019 (8%) and the EU average (6%).

Energy Efficiency

Around a third of firms (34%) have invested in measures to improve their energy efficiency, but this is lower compared to EIBIS 2019 (43%) and the EU average (47%).

The average share of investment in measures to improve energy efficiency by firms in Croatia (9%) has decreased slightly since EIBIS 2019 (10%) and is now below the EU average (12%).

Climate Change

Almost a quarter of firms (23%) feel their business has been majorly impacted by climate change and the related changes in weather patterns, and a further 39% report a minor impact.

Firms in Croatia are expecting that the transition to a low-carbon future will be positive for their reputation (15%) and for market demand (7%) over the next five years but to have a negative impact on their supply chain (-6%).

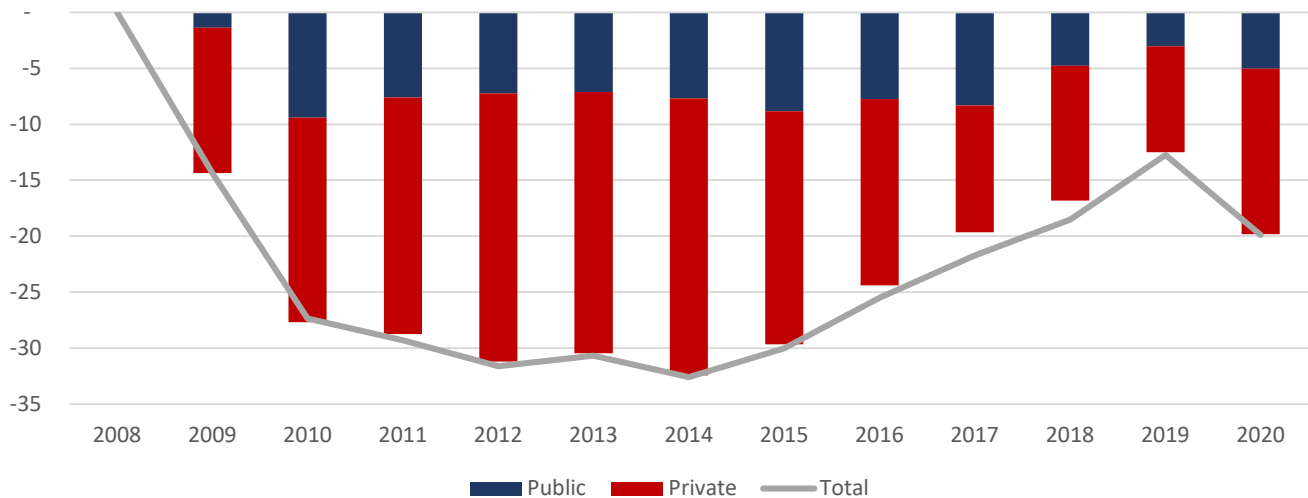
More than half of firms in Croatia (56%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is below the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 16.5% below the pre-crisis 2019 level. The biggest drop was due to private investments.

With investment levels still being below 2008 levels at the start of the current COVID-19 crisis, this negative investment pattern may have a major negative impact on the economy and halts the positive trend of the past years.



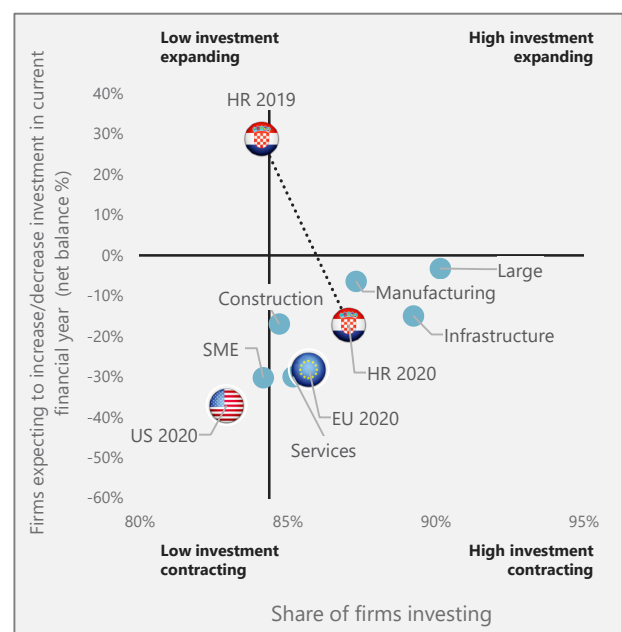
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms). The data has been indexed to equal 0 in 2008. Source: AMECO data.

INVESTMENT CYCLE

In line with the EU, Croatia is in a negative phase of the investment cycle, having moved into the 'high investment contracting' quadrant. In comparison to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined by forty six percentage points.

SMEs have relatively lower share of firms investing, while large firms and those in Infrastructure sector have the highest share of investing, above the EU average.

More SMEs and firms in the services sectors are reducing rather than increasing their investments in the current financial year.



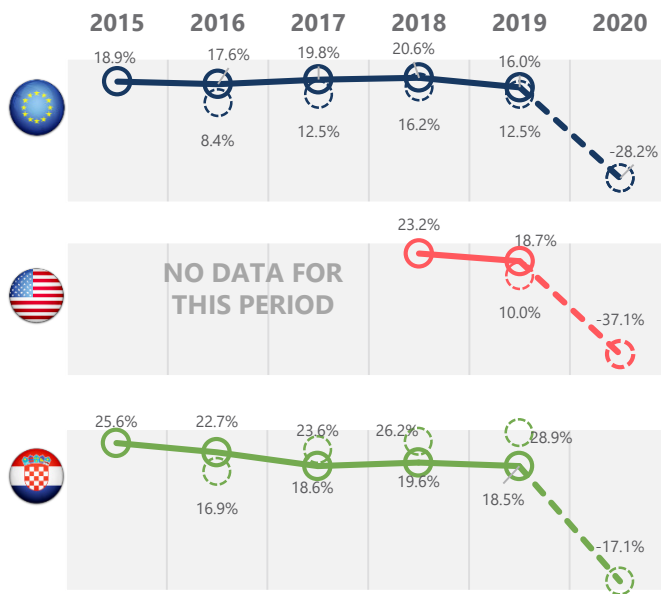
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

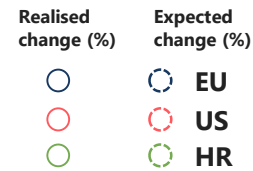
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



The net balance of firms reporting increasing rather than decreasing their investment activities is similar to EIBIS 2019 (19% and 20% respectively) and the EU average (16%). Overall, the net balance fell short of expectations for the third year running (29%).

In the current year, the outlook is particularly negative (net -17%) but not as negative as the EU average (net -28%).



'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.

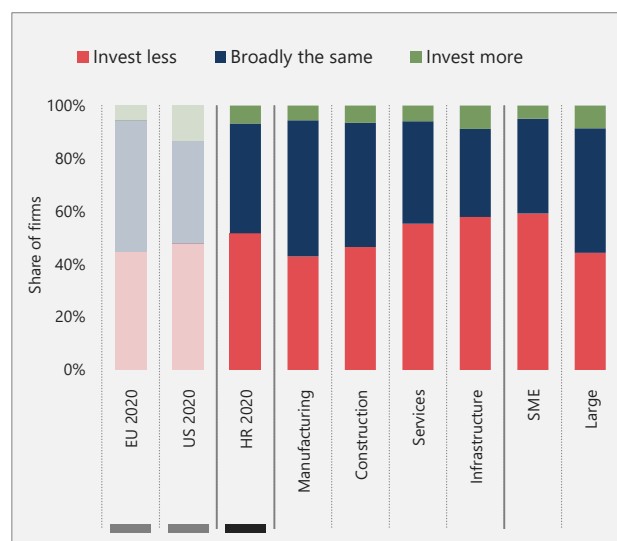
Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms' investment strategies for 2020 with around a half of firms (52%) investing less than planned. This is above the EU average (45%).

COVID-19 has impacted a higher share of SMEs compared with large firms, overall SMEs are more likely to be investing less (59% versus 44%).

Plans by firms in the manufacturing sector (51%) are more likely than those in the infrastructure sector (33%) to have remained broadly the same.



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

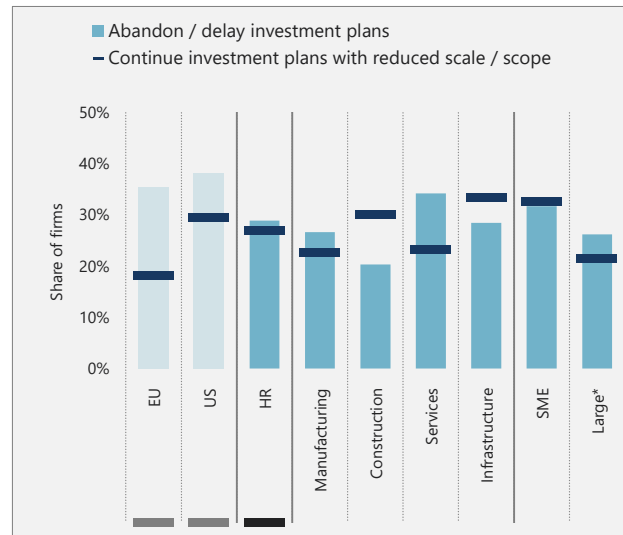
Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

Investment Focus

ACTIONS AS A RESULT OF COVID-19

Around a quarter (28%) of firms with investment plans for the current financial year, plan to abandon or delay at least some of their investments as a result of COVID-19, this is in line with the EU average (35%).

A similar share of firms with investment plans (27%) report they will continue on with at least some of their investment plans at a reduced scale or scope, more than the EU average (18%).

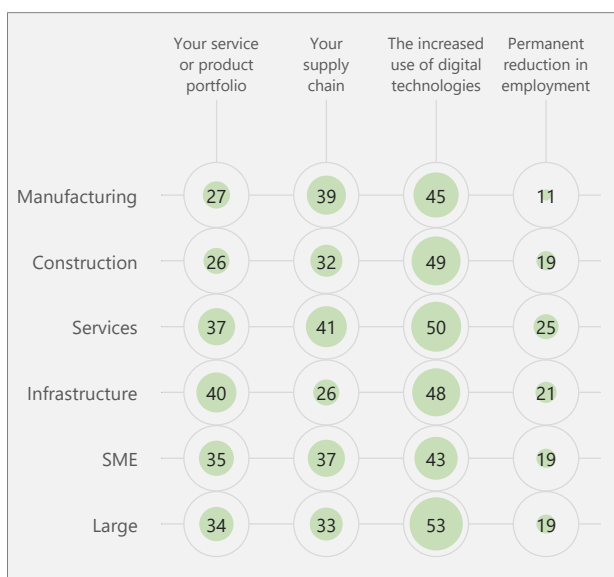


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses) *Caution very small base size less than 30

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



Across all sectors, the most frequently cited long term impact of COVID-19 is expected to be the increased use of digital technologies (48%). Large firms are more likely to expect that COVID-19 will have an impact on the use of digital technologies than SMEs (53% versus 43%).

More than a third of firms in Croatia expect that COVID-19 will impact their supply chain and their service or product portfolio (35% and 34% respectively) in the long term.

Overall, almost one in five firms (19%) expect a permanent reduction in employment levels.

Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

Base: All firms

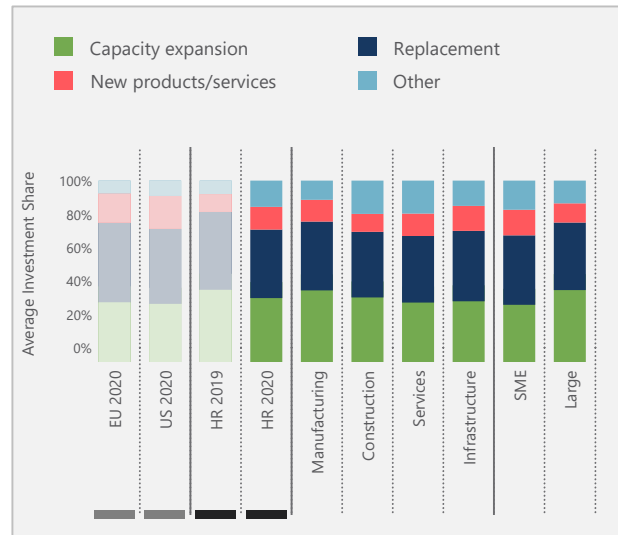
Investment Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

The largest share of investment was driven by the need to replace existing buildings, machinery, equipment and IT (41%). This is not significantly different to either EIBIS 2019 or the EU average (both 47%).

Replacement was followed by capacity expansion which makes up 30% of all investment, in line with the EU average (27%).

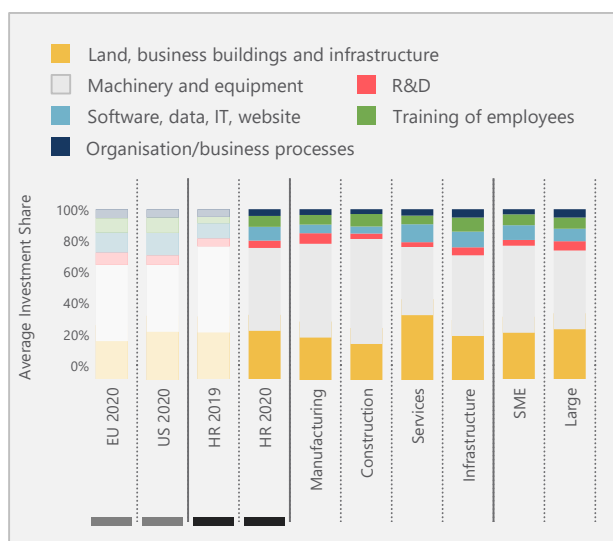
The pattern of the share of investment is similar across all sectors and sizes of firms.



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?

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

INVESTMENT AREAS



Firms in Croatia allocated the highest share of investment to machinery and equipment (53%), followed by land, business buildings and infrastructure (22%). These shares are very similar to EIBIS 2019 (55% and 21% respectively) and the EU average (49% and 16% respectively).

Firms in the construction sector report the highest share of investment in machinery and equipment (67%), when compared to other sectors. Share of investment in land, business buildings and infrastructure remains highest among services sector firms (32%, compared to 14% in construction and 18% manufacturing firms).

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?

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

Investment Needs and Priorities

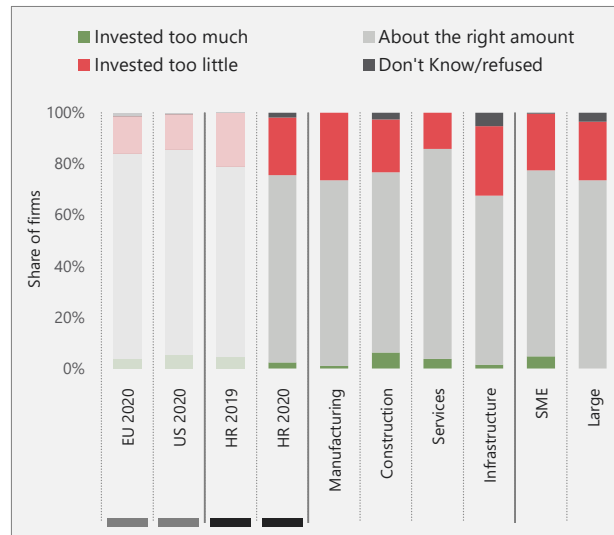
PERCEIVED INVESTMENT GAP

Around a quarter (22%) of firms believe they invested too little over the last three years, in line with EIBIS 2019 (21%) but above the EU average (15%).

Overall, around three-quarters (73%) of firms in Croatia report investing about the right amount and very few firms (2%) believe they over-invested.

The perceived under-investment is lower within the services sector (14%) compared to firms in the other sectors (ranging from 21% to 27%).

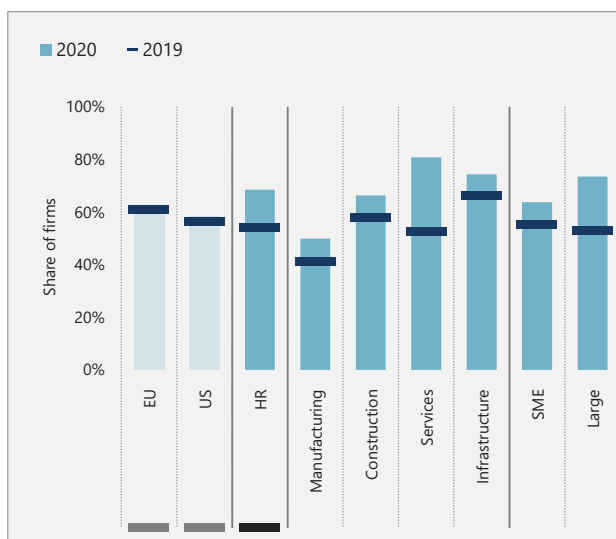
No large firms reported investing too much.



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

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

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



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?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Almost seven in ten firms (69%) in were operating at or above full capacity in the last financial year, an increase on EIBIS 2019 (54%) and above the EU average (61%).

All sectors and size of firms report increases since EIBIS 2019, and the biggest increases are among firms in the services sector (up twenty eight percentage points to 81%) and large firms (up twenty one percentage points to 74%).

The manufacturing sector has the lowest share of firms operating at or above full capacity (50%), while the service sector has the highest share of firms operating at or above full capacity (80%) in the last financial year.

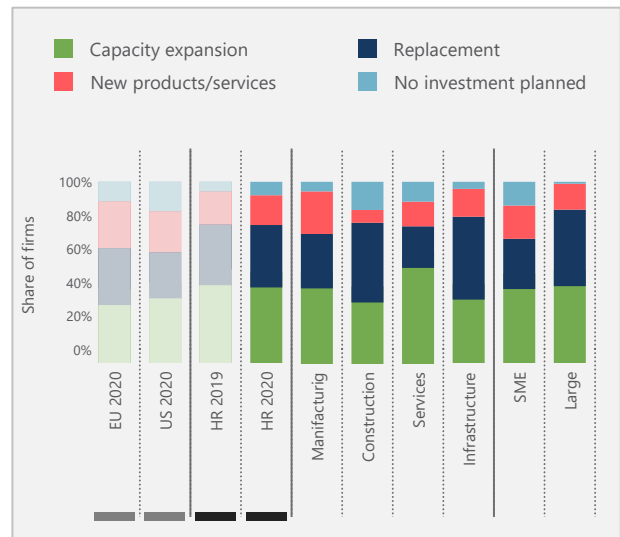
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, replacing existing buildings, machinery, equipment and IT and capacity expansion are most commonly cited as firms' main priorities (both 37%). These proportions are relatively unchanged since EIBIS 2019 (36% and 38% respectively).

Infrastructure firms (50%) and construction firms (48%) are more likely to prioritise replacement whilst for firms in the services sector capacity expansion is the main priority (48%).

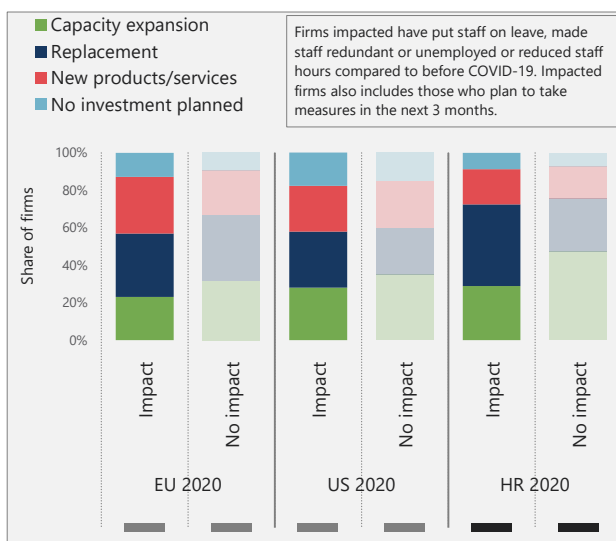
Firms in Croatia remain less likely than firms EU-wide to prioritise investment in new products, processes or services (18% versus 28%).



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?

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

COVID-19 IMPACT ON PRIORITIES



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?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

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

Firms in Croatia which have been impacted by COVID-19 are more likely to prioritise investment in replacing buildings and equipment (44%), well above the EU average (34%).

Firms who have not been impacted by COVID-19 are more likely to be prioritising capacity expansion compared to those firms impacted by COVID-19 (47% versus 29% respectively).

Innovation Activities

INNOVATION ACTIVITY

More than one-third of all firms (35%) developed or introduced new products, processes or services as part of their investment activities. This is lower than the EU average (42%).

Fewer firms had developed or introduced new products, processes or services that were new to their firm than in the EU as a whole (21% versus 27% respectively).

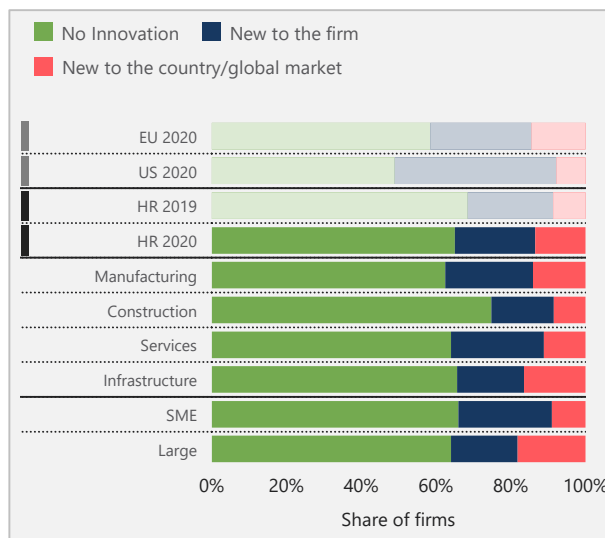
Construction firms are the least likely to innovate (25%), compared to firms from the other sectors (ranging from 34% to 38%).

Whilst SMEs and large firms have similar overall figures (34% and 36% respectively) innovations at SMEs are more likely to be new to the firm, at large firms new to national/global markets.

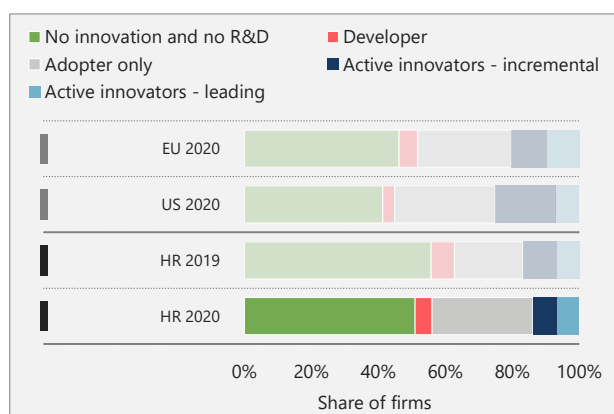
Q. What proportion of total investment was for developing or introducing new products, processes, services?

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

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



INNOVATION PROFILE



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?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

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

When firms' innovation and research and development behaviour is profiled more widely, 14% of firms in Croatia are classified as 'active innovators', and a further 5% of firms are 'developers'.

This breakdown is comparable to EIBIS 2019 (with 17% of firms classifying as 'active innovators' plus 7% of firms as 'developers') and is similar to the average for the EU (with 20% 'active innovators' plus 6% 'developers').

The 'No innovation/Adopter only' group comprises firms that did not introduce any new products, processes or services in the last financial year (no innovation) or did so but without any own research and development effort (adopter). 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world'.

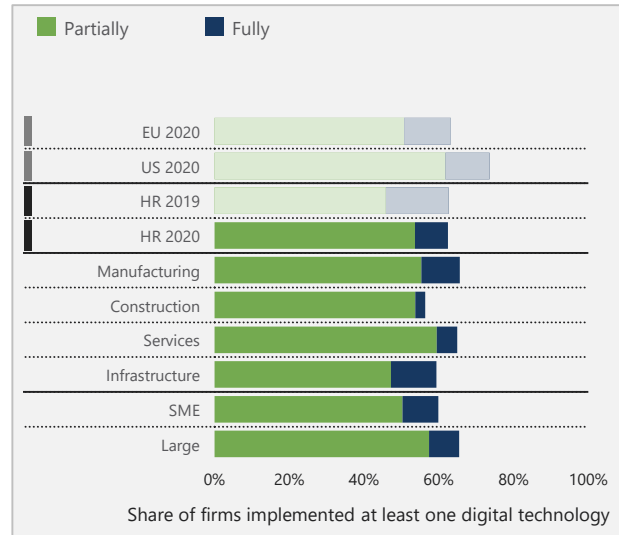
Innovation Activities

IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Three in five firms (62%) in Croatia have implemented, either fully or partially, the digital technologies they were asked about. This is in line with EIBIS 2019 and with the EU average (both 63%).

The share of firms who have implemented digital technologies is broadly stable across sector and size of firm.

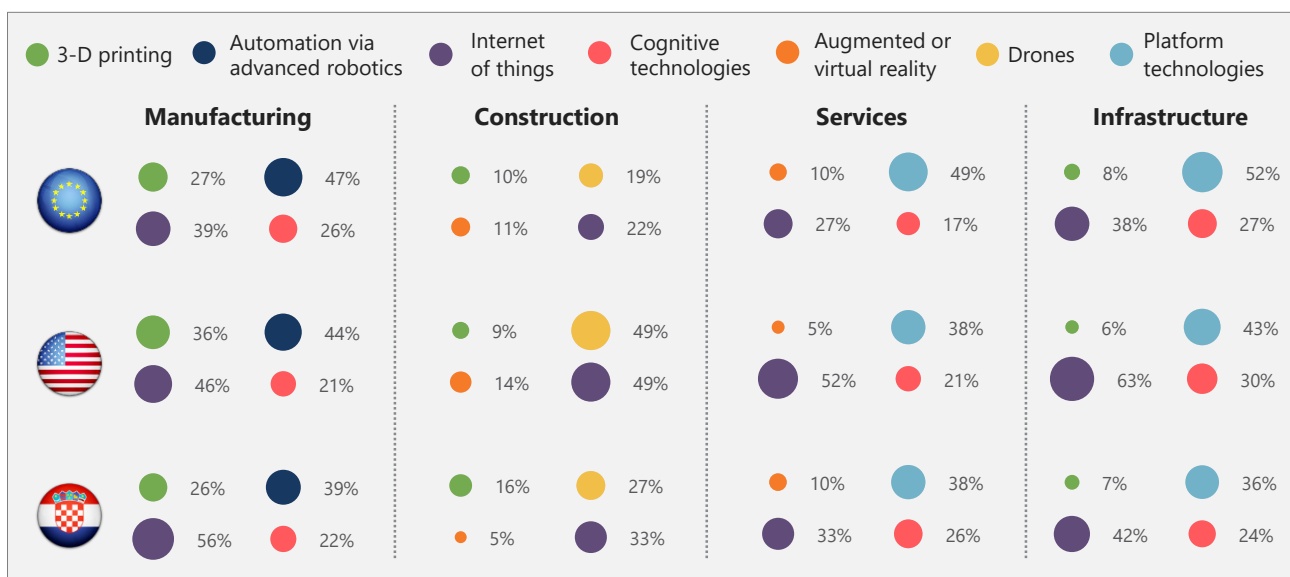
More than half of manufacturing sector firms claim to have implemented 'Internet of things' (56%), well above the equivalent shares of EU manufacturing firms (39%) and firms in other Croatian sectors (ranging from 33% to 42%).



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

DIGITAL TECHNOLOGIES BY SECTOR



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

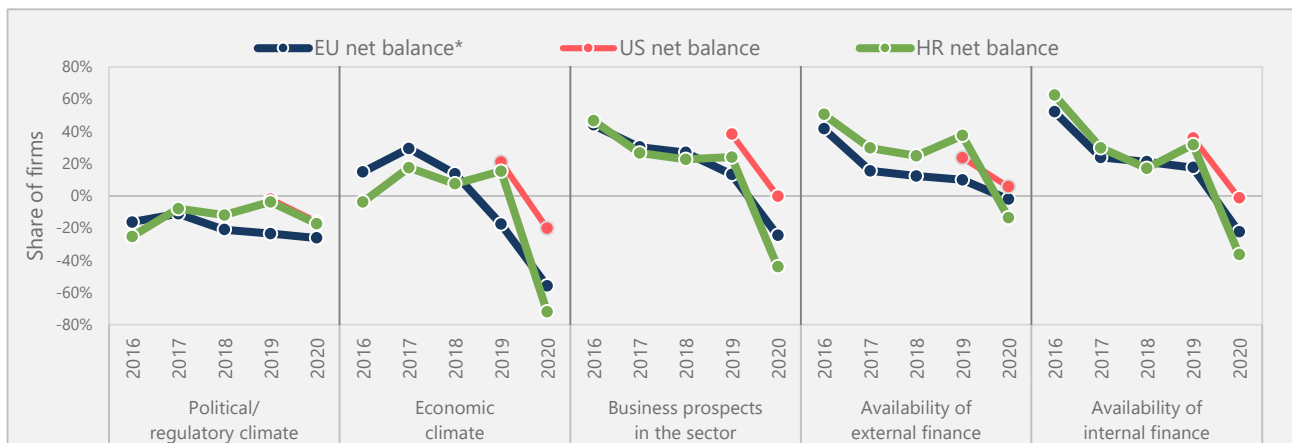
Reported shares combine implemented the technology 'in parts of business' and 'entire business organized around it'

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

More firms in Croatia expect a deterioration rather than an improvement across all five short term barriers to investment in the next twelve months, in line with the EU average.

Firms in Croatia are most pessimistic about the overall economic climate compared with EIBIS 2019 (-72% versus +15%), and is now below the net balance for the EU (-56%).

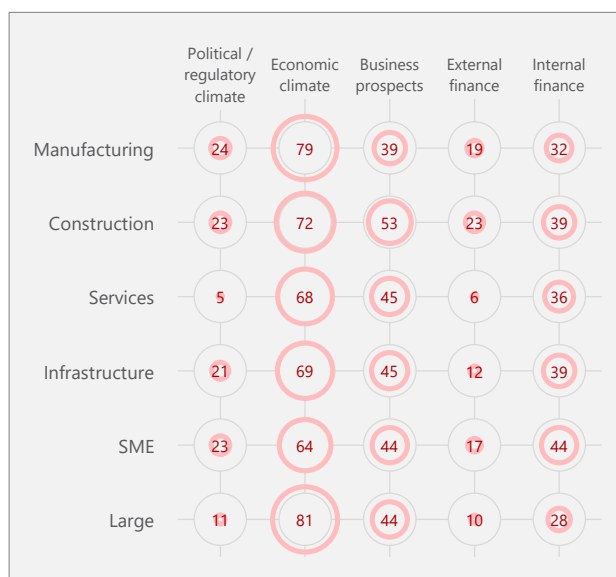


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

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

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: red figures are negative

Firms in all sectors and by size are consistently more negative than positive about all of the short term outlooks.

Large firms (-81%) are the most likely to be negative about the overall economic climate.

Firms in the services sector are less negative than other sectors regarding the political/regulatory climate (-5%) and the availability of external finance (-6%).

SMEs are more negative than large firms about the availability of internal finance (-44% versus -28%).

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

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

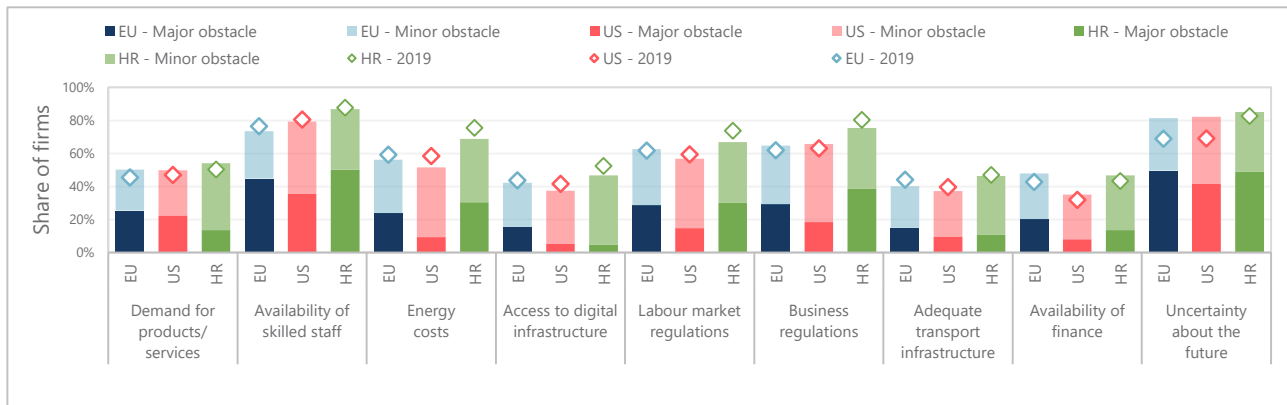
Base: All firms

Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

In Croatia, the most commonly cited long term barriers to investment remains the availability of skilled staff (87%), followed by uncertainty about the future (85%) and business regulations (75%). These are broadly in line with EIBIS 2019 and reflect the top 3 obstacles for firms across the EU.

Construction firms were more likely to cite availability of finance as a barrier than firms in other sectors (65%, compared to between 43% and 50%) and this was also the case for SMEs compared to large firms (57% versus 36%).



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?

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

LONG TERM BARRIERS BY SECTOR AND SIZE



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?

Reported shares combine 'minor' and 'major' obstacles into one category

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

Investment Finance

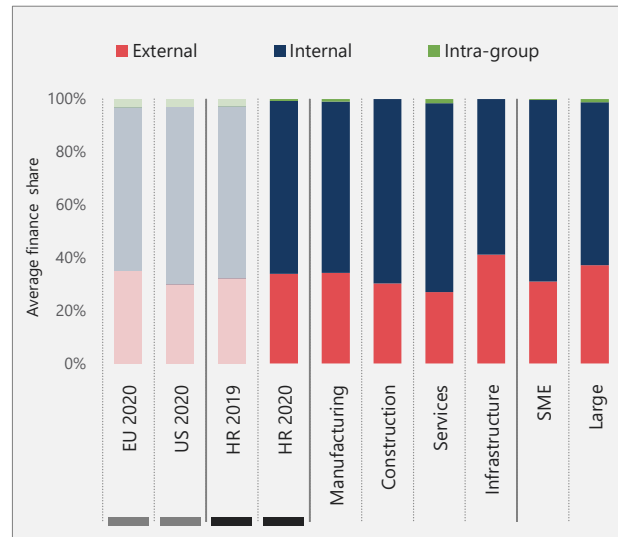
SOURCE OF INVESTMENT FINANCE

Almost two-thirds of investment activity in Croatian firms was financed by internal sources (65%) in the last financial year. This is the same share as EIBIS 2019 (65%) and in line with the EU average (62%).

Around a third (34%) of the finance came from external sources and this is similar to the EU average of 35%.

Firms in the infrastructure sector report a higher share of external finance (41%, compared to other sectors ranging from 27% to 34%).

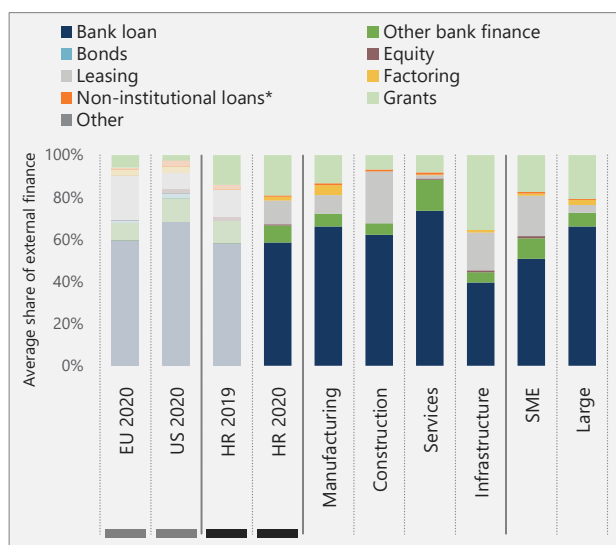
Intra-group financing remained little used by all sectors and size of firm in Croatia, just as in the EU.



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

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

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



In Croatia, bank loans (58%) continued to account for the highest share of external finance, followed by grants (19%) and leasing and hire purchase (11%).

Firms in the services sector and large firms have the highest share of bank loans (74% and 66% respectively).

Grants accounted for a higher share of external finance than across the EU (19% versus 6%) and this is particularly the case among firms in the infrastructure sector (36%).

Conversely, leasing and hire purchase has a lower share in Croatia than the EU average (11% versus 21%).

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

*Loans from family, friends or business partners

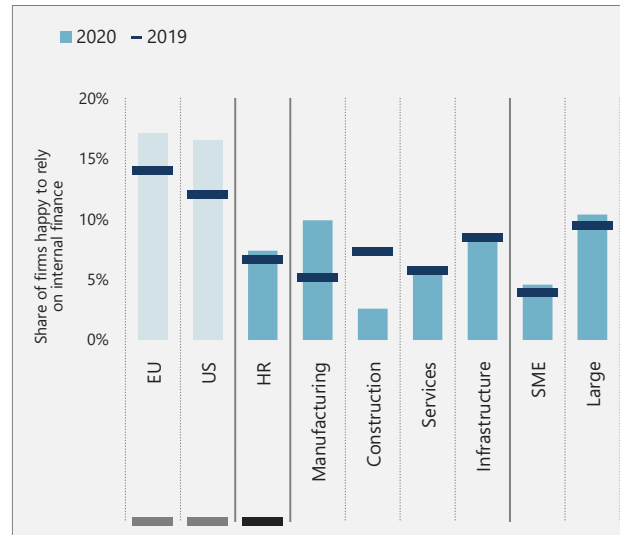
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)

Investment Finance

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

Seven per cent of all firms in Croatia report not applying for external finance in 2019 because they are happy to use internal funds or do not have a need for external finance. This is the same share of Croatian firms as in EIBIS 2019 and remains well below the EU average (17%).

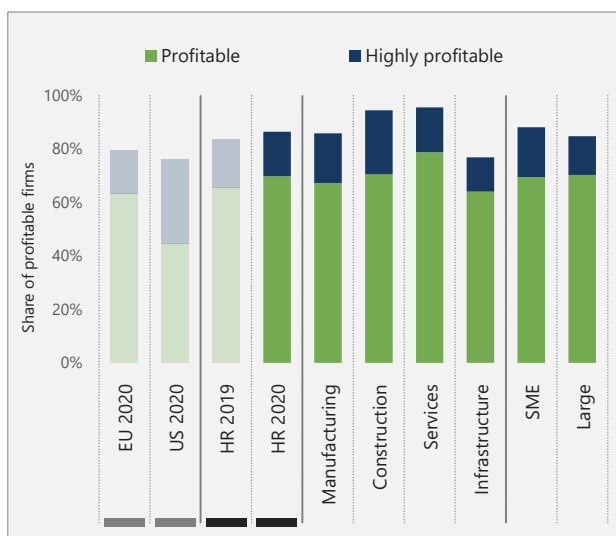
The share of manufacturing firms who were happy to use internal funds or did not have a need for external finance has doubled since EIBIS 2019 (10% from 5%), while the share among construction firms has declined slightly from 7% in EIBIS 2019 to 3%.



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

Base: All firms

SHARE OF PROFITABLE FIRMS



Around one in six firms in Croatia report being highly profitable (17%) in line with EIBIS 2019 and the EU average (18% and 16% respectively).

More than four fifths (86%) of firms report being profitable in the last financial year, which is in line with EIBIS 2019 (84%) and the EU average (80%).

Firms in the services and construction sectors are the most likely to be profitable (96% and 95% respectively).

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 profits/turnover of 10% or more

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

Access To Finance

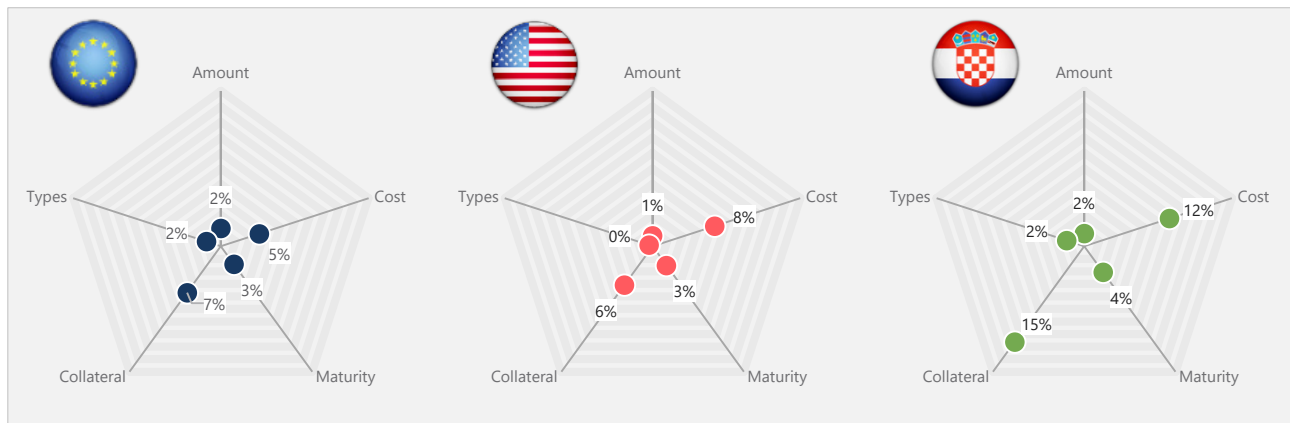
DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance in the last financial year are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

The highest levels of dissatisfaction recorded

among firms in Croatia is with the collateral requirements (15%) and the cost of finance (12%). Across the EU, a lower share of firms are dissatisfied with these measures (7% and 5% respectively).

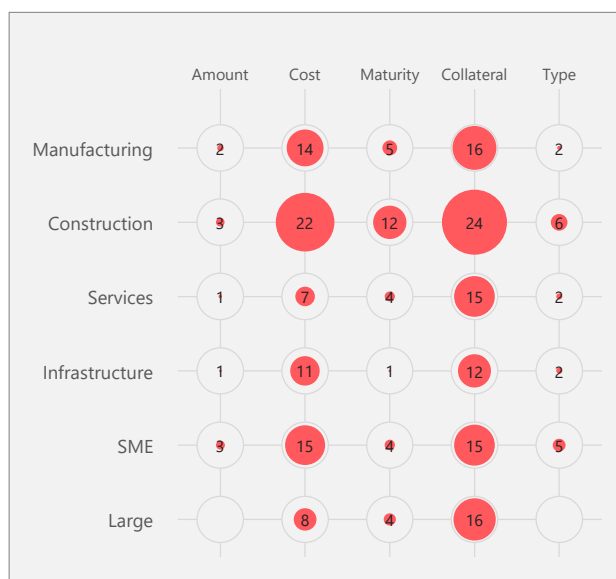
Share of dissatisfied firms



Q. How satisfied or dissatisfied are you with ...?

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

DISSATISFACTION BY SECTOR AND SIZE (%)



Compared to firms in other sectors, firms in the construction sector report relatively high levels of dissatisfaction with collateral requirements (24%), the cost of finance (22%) and maturity terms (12%).

SMEs are almost twice as likely as large firms to be dissatisfied with the cost of finance (15% versus 8%).

Q. How satisfied or dissatisfied are you with ...?

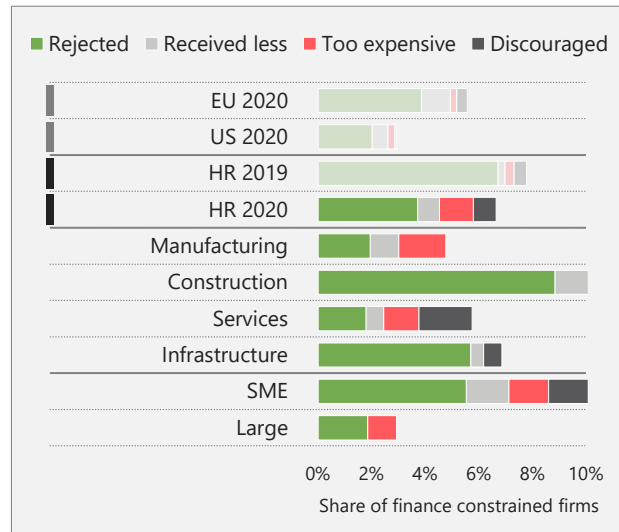
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Seven per cent of all firms in Croatia could be considered as financially constrained in the last financial year, in line with EIBIS 2019 (8%) and the EU average (6%). Fewer firms were rejected than in EIBIS 2019, i.e. having sought external finance but not received it (4% versus 7%).

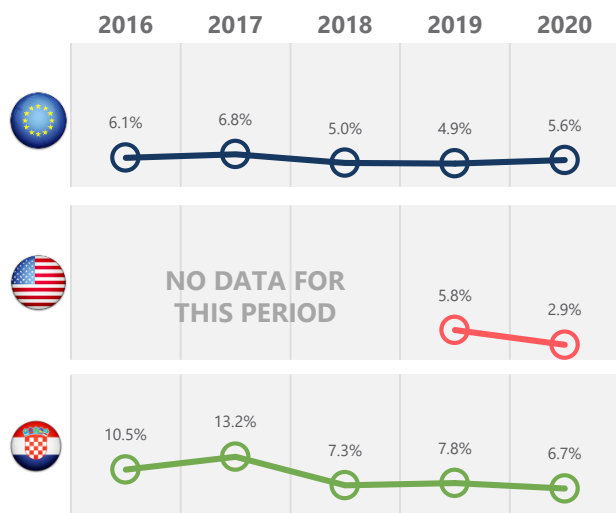
Whilst relatively large shares of construction sector firms and SMEs are finance constrained (15% and 10% respectively), manufacturing firms and large firms are less so (5% and 3%).



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)

Base: All firms

FINANCING CONSTRAINTS OVER TIME



There has been little change in the share of finance constrained firms in Croatia and the EU since EIBIS 2018, but there has been a decline of five percentage points since EIBIS 2017.

Croatia's share of external finance constrained firms is similar to the EU average.

Base: All firms

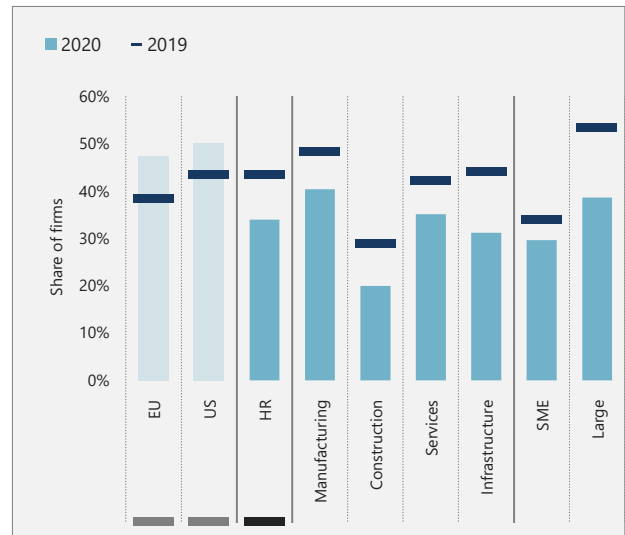
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Around a third of firms (34%) have invested in measures to improve their energy efficiency, but this is down compared to EIBIS 2019 (43%) and below the EU average (47%).

Firms in all sectors and size of firms have seen decreases, particularly within large firms (down fifteen percentage points to 39%) and infrastructure firms (down thirteen points to 31%).

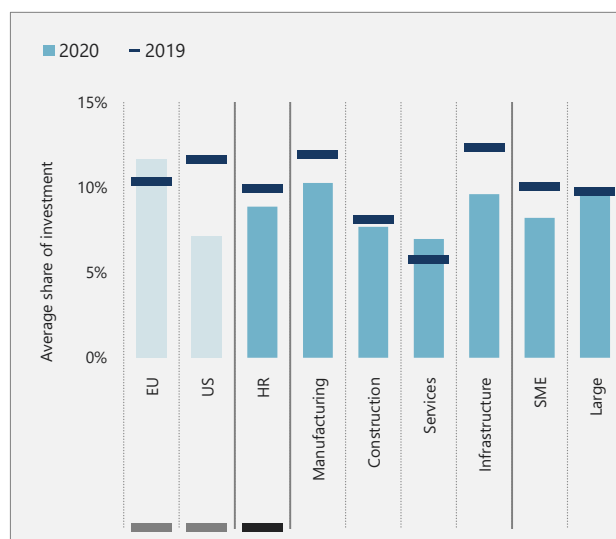
The construction sector has the smallest share of firms investing in measures to improve energy efficiency.



Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



The average share of investment in measures to improve energy efficiency by firms in Croatia (9%) has remained stable since EIBIS 2019 (10%) and is similar to the EU average (12%).

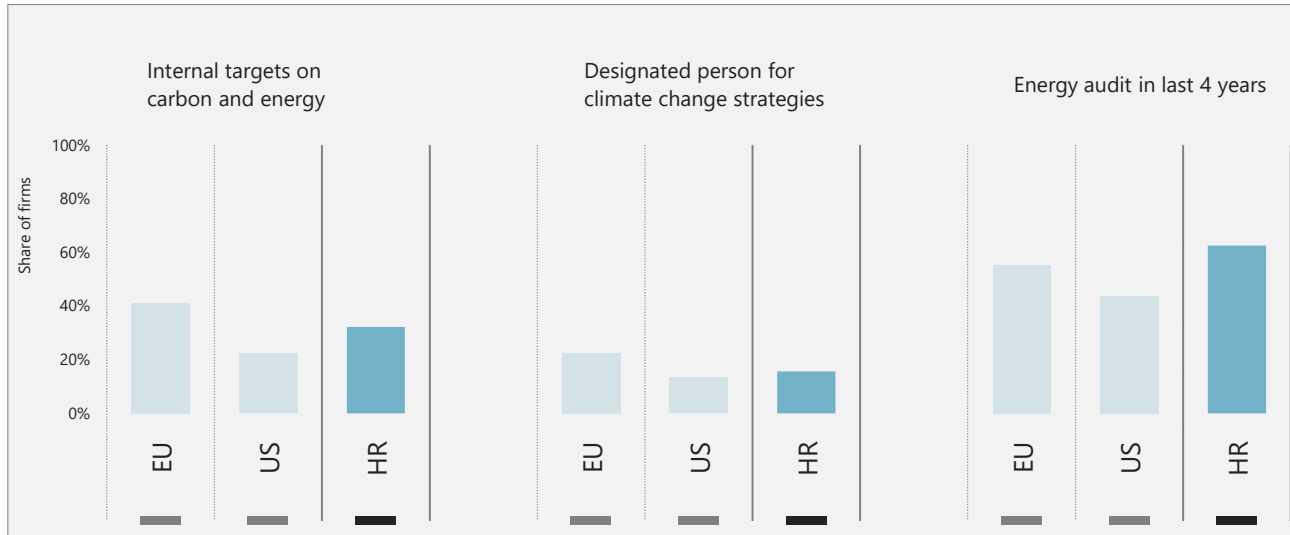
The average share of investment in measures to improve energy efficiency is similar across all sectors and sizes of firms.

Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

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

Energy Efficiency

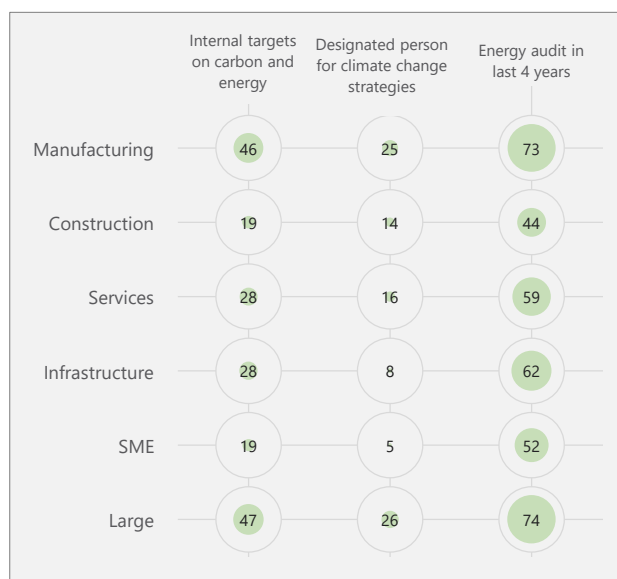
ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
 Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
 Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



Firms in Croatia are more likely than EU firms to have had an energy audit in the past 4 years (63% versus 55%) but less likely to have set internal targets on carbon and energy (32% versus 41%) and to have designated a person to develop their climate change strategies (16% versus 23%).

Firms in the manufacturing sector are most likely to have had an energy audit (73%), to have set internal targets (46%) and to have designated a person to develop strategies (25%).

Similarly, large firms are above SMEs on all three measures.

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
 Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
 Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

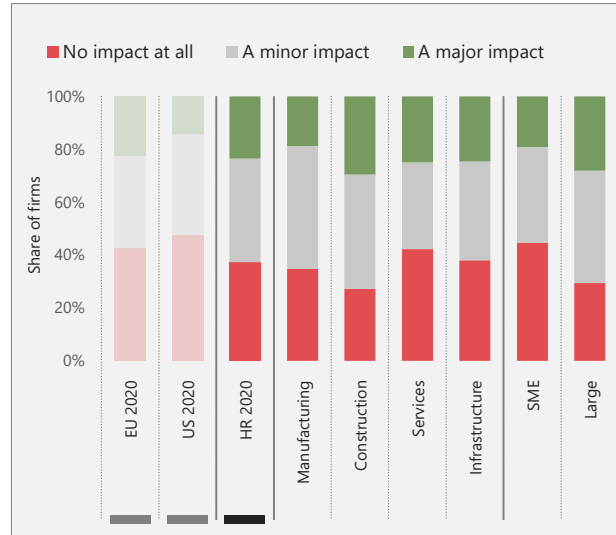
Climate Change

CLIMATE CHANGE IMPACT

Around three fifths (63%) of firms feel their business has been impacted by climate change and the related changes in weather patterns, with around a quarter (23%) reporting that the change has had a major impact. This is in line with the EU average (58% and 23% respectively).

Firms in the construction sector are more likely to have been impacted than firms in other sectors (overall 73% compared to between 58% and 65%).

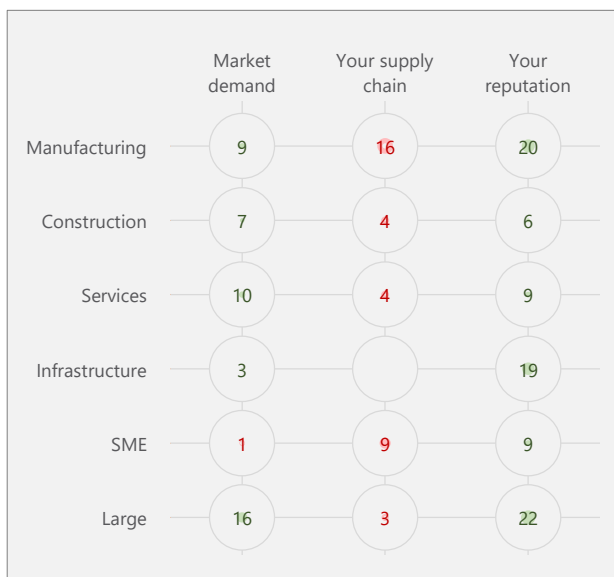
Large firms are also more likely to have been impacted compared to SMEs (71% versus 55%).



Q, Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)



Please note: green figures are positive, red figures are negative

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

Base: All firms

Firms in Croatia are expecting the transition to a low-carbon future to be positive for their reputation (15%) and for market demand (7%) over the next five years but to have a negative impact on their supply chain (-6%).

On balance, manufacturing firms, infrastructure firms and large firms are the most likely to expect the reduction in carbon emissions to have a positive impact on their reputation.

However, among manufacturing firms more believe the impact will be negative rather than positive on their supply chain (-16%).

*Net balance is the share of firms seeing positive impact minus the share of firms seeing a negative impact

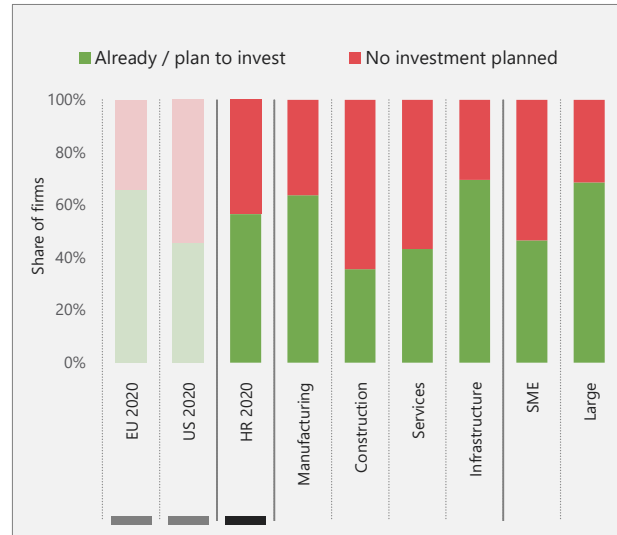
Climate Change

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Around three in five firms in Croatia (57%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is below the EU average (67%).

Firms in the construction sector (36%) and the services sector (44%) have the lowest share of firms who have already invested or plan to invest. SMEs are more likely to have no investment planned compared to large firms (54% versus 31%).

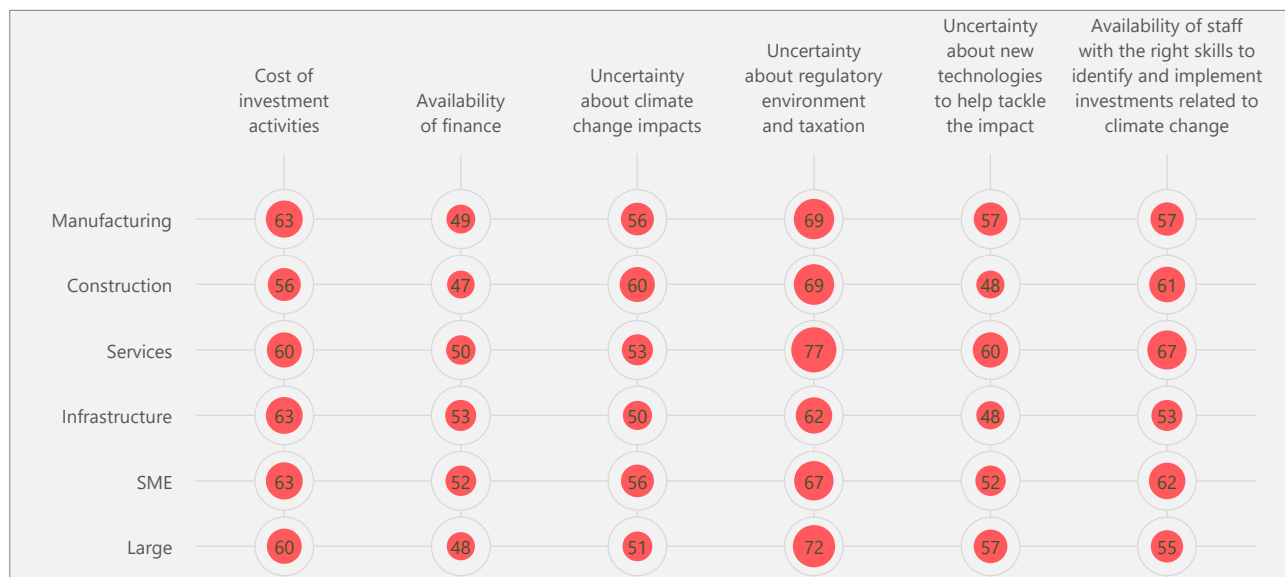
Uncertainty about the regulatory environment and taxation is the biggest barrier to investment in this area (69%), particularly among firms in the services sector (77%).



Q. Now thinking about investments to tackle the impacts of weather events and reduction in carbon emissions, which of the following applies?

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

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE



Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

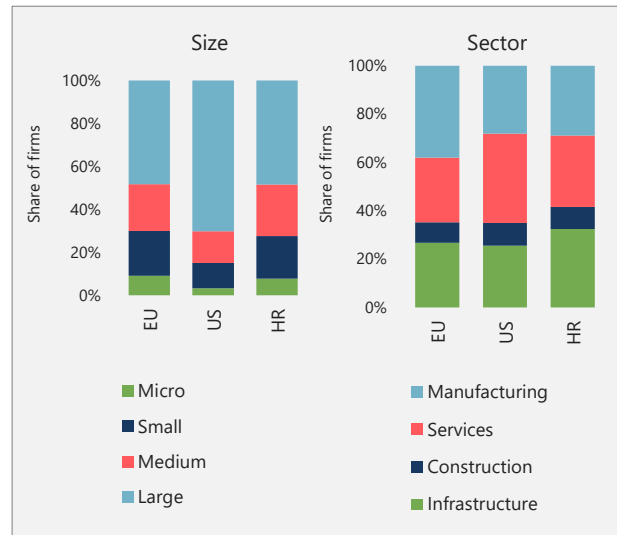
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Large firms with 250+ employees account for the greatest share of value-added (48%) in Croatia, the same share as EU-wide.

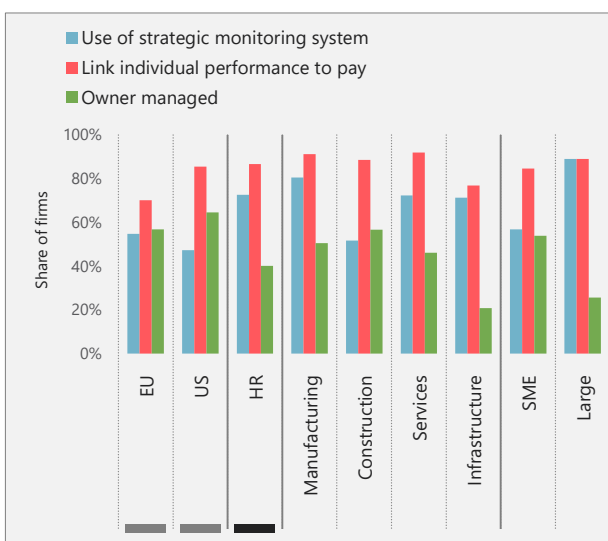
Croatia has a lower share of value-added in the manufacturing sector compared to the EU average (29% versus 38%).



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+

Base: All firms

FIRM MANAGEMENT



A higher share of firms in Croatia report using a formal strategic monitoring system compared to the EU average (73% versus 55%) and to link individual performance to pay (87% versus 70%).

Manufacturing sector firms are more likely than firms in the construction sector to use a formal strategic monitoring system (81% versus 52%).

Only four in ten firms in Croatia (40%) report being owned or controlled by their CEO or a member of the CEO's family, much lower than the EU average (57%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

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

EIBIS 2020 – 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	US	HR	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs HR	Manuf vs Constr	SME vs Large
	(11971)	(800)	(488)	(149)	(97)	(108)	(127)	(415)	(73)	(11971 vs 488)	(97 vs 149)	(415 vs 73)
10% or 90%	1.1%	3.5%	3.3%	5.4%	6.2%	6.7%	6.2%	2.6%	6.2%	3.5%	8.2%	6.7%
30% or 70%	1.2%	5.3%	5.0%	8.2%	9.5%	10.3%	9.4%	4.0%	9.4%	5.3%	12.5%	10.2%
50%	1.9%	5.8%	5.5%	9.0%	10.3%	11.2%	10.3%	4.3%	10.3%	5.8%	13.7%	11.1%

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.
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.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 488 firms in Croatia (carried out between May and August 2020).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2020/2019	US 2020/2019	HR 2020/2019	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	488/480	149	97	108	127	415	73
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	481/471	148	94	107	125	409	72
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)	9606/NA	643/NA	405/NA	124	81	91	105	339	66
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	394/422	127	75	81	105	338	56
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	424/431	129	85	91	112	357	67
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	488/480	149	97	108	127	415	73
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	476/475	145	96	105	123	407	69
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	462/0	139	93	102	121	396	66
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	461/462	144	90	104	118	390	71
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	347/390	115	67	72	89	297	50
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	484/474	147	97	106	127	414	70
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	386/407	111	80	89	101	333	53
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	206/215	67	33	38	65	174	32
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	432/460	136	82	96	113	364	68
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	206/205	68	36	39	61	175	31
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	483/NA	148	95	107	126	411	72
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	461/NA	142	91	104	117	398	63
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	467/458	144	92	104	118	396	68



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Croatia

Overview

EIB INVESTMENT SURVEY

2020