



European  
Investment Bank

# Croatia

Overview

## EIB INVESTMENT SURVEY

# 2023



**EIB INVESTMENT SURVEY 2023**

# Croatia

Overview

## **EIB Investment Survey Country Overview 2023: Croatia**

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### **About the EIB Investment Survey (EIBIS)**

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in 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, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States 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**

These reports provide an overview of data collected for the 27 EU Member States and the United States. They 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](mailto: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](http://www.eib.org/eibis).**

### **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 and its team of 40 economists is headed by Debora Revoltella, director of economics.

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# EIBIS 2023 – Croatia overview

## KEY RESULTS

### Investment dynamics and focus

In the context of decelerating economic growth and a tightening monetary policy, Croatian firms retain a positive, albeit declining, investment outlook with a net balance of those increasing rather than decreasing their investments in 2023 at 21%, in contrast to 31% in the preceding year. Despite the decline, the percentage of Croatian firms that plan to invest or have already invested in 2023 remains higher than the overall figures for the EU. Specifically, 91% of Croatian firms invested in the past financial year, compared to the EU average of 85%.

### Investment needs and priorities

Almost eight in ten Croatian firms (78%), believe that they have invested the right amount over the past three years. This is similar to EIBIS 2022 (74%) and the current EU average (82%). Capacity expansion (39%) continues to be the top investment priority for firms in Croatia over the next three years, followed by investment in replacement and new products or services (20%).

Firms in Croatia and the EU remain generally pessimistic about the investment conditions for the next year, yet Croatian firms have a slightly more optimistic outlook than the EU average. Expectations related to business prospects (positive net balance of 16%) and the availability of external and internal finance (both positive net balances of 8%) all remained relatively unchanged compared to the previous year. Moreover, there has been an improvement in expectations, with the economic climate shifting from significantly negative on balance (-33%) to slightly positive (2%). However, the perception of the political or regulatory climate continues to be negative (-7%).

### Energy market developments

The energy crisis is a concern for both Croatian and EU firms, with 93% worrying about energy prices and a majority of them viewing it as a major problem in Croatia (54%), slightly lower than the EU (59%). While Croatian firms are also concerned about energy availability, it is considered a major worry only for 18% of them. Overall, 89% of firms in both Croatia and the EU are concerned about uncertainty over energy prices, availability, and regulatory frameworks, with 34% in Croatia and 47% in the EU considering it a major issue.

Compared to the EU average, fewer Croatian firms respond to the energy shock by putting forward at least one or more relevant strategies (86% versus 95%). The most embraced strategies are to seek energy savings and efficiencies (67%) and to renegotiate their energy contract (53%). In contrast to the EU (62%), less than four in ten Croatian firms have strategies to pass increased energy costs on to customers (38%), while over four in ten firms say that changing their energy mix is a strategy or priority (44%) and one in ten state that stopping or reducing the production of certain goods or services is a strategy (11%).

### International trade

Almost all Croatian firms trading internationally faced some type of disruption (94%). Difficulties with access to commodities, raw materials (64%) and other components, services or equipment (61%) were the main obstacles encountered.

Despite these difficulties, fewer than half (46%) changed or are planning to change their sourcing strategy. Firms in Croatia seem more inclined than those across the EU to invest in digital tracking of inventory and inputs (27% versus 20%). However, they are less likely to increase their stocks and inventory than across the EU (21% versus 31%).

## EIBIS 2023 – Croatia overview

### Climate change and energy efficiency

The perceived impact of climate change is growing among Croatian firms, with 63% stating weather events have impacted their business. This is an increase from the 59% reported in EIBIS 2022 and similar to the EU (64%) in EIBIS 2023. Just 5% of Croatian firms have developed or invested in strategies to adapt to the physical risks associated with climate change, below the EU average of 16%. Nevertheless, firms are likely to invest in solutions to reduce the exposure to physical risks (15%) and to have bought insurance products to off-set climate-related losses (14%).

More than half (52%) of Croatian firms believe that the transition to stricter climate standards and regulations will not impact their company, while other views on this transition are evenly divided with 22% perceiving it a risk and 26% an opportunity. While the share of firms seeing stricter regulations as an opportunity almost matches the EU average (26% versus 29%), fewer firms view it as a risk (22%), compared to the EU average (33%). In line with the EU (89%), a substantial 86% of Croatian firms are taking proactive steps to reduce Greenhouse Gas (GHG) emissions. The main actions being waste minimization and recycling (74%) and investments in energy efficiency (57%). Specific measures generally align with the EU average, except for a lower inclination to invest in sustainable transport solutions (32% versus 46%) and a higher likelihood to invest in renewable energy generation (49% versus 41%). In terms of setting and monitoring targets for own GHG emissions, there has been a drop among Croatian firms since EIBIS 2022, falling from 39% to 28%.

A third (32%) of companies in Croatia have already taken action to address the effects of weather events and carbon emissions reduction, significantly below the EU average (56%), while 51% intend to make similar investments within the next three years, aligning closely with the EU average (54%).

### Innovation activities

In 2022, a third of Croatian firms (36%) have engaged in innovation activities, developing new products, processes, or services—in line with the EU average (39%). Over one in ten firms in Croatia (11%) report the development or introduction of products, processes or services new to either the country or global market. This is consistent with EIBIS 2022 (7%) and matches the current EU average (13%).

Although 66% of firm in Croatia have used one or more advanced technologies, this is slightly below the EU (70%). Croatian firms are making more use of robotics (48%) and IoT (45%) than other digital technologies but compared to firms through the EU they are making much less use of Digital platforms (30% versus 50%).

### Investment impediments

In the long-term, Croatian firms identify the availability of skilled staff (92%), energy costs (86%), and future uncertainty (80%) as main barriers to investment, mirroring the EU average. These barriers remain consistent with previous findings, except for the perceived access to digital infrastructure (36%) and finance availability (48%), both of which have decreased since the last year from 48% and 58% respectively.

### Access to finance

The proportion of financially constrained firms in Croatia (11.4%) is almost double the EU average (6.1%). The main dissatisfactions exist regarding the amount of finance received (10%) and the cost of finance (11%).

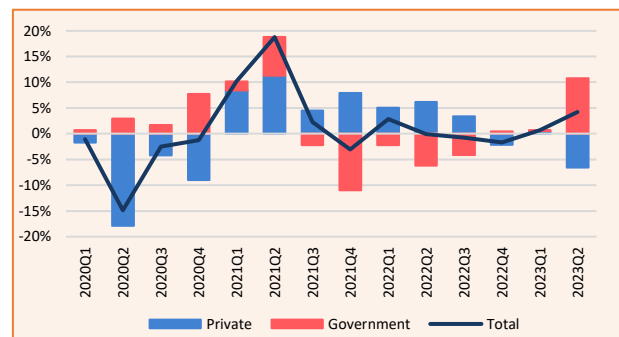
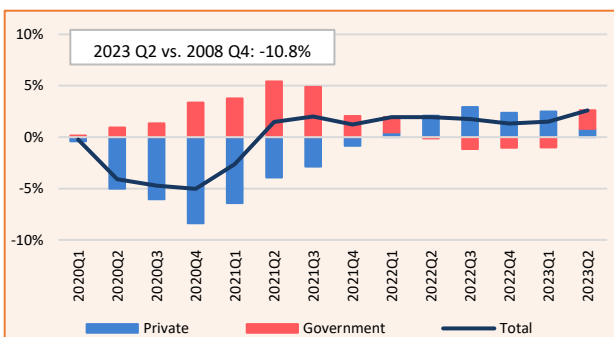
### Note on how to read the results:

*EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to “last financial year” (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.*

# Investment dynamics and focus

## INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

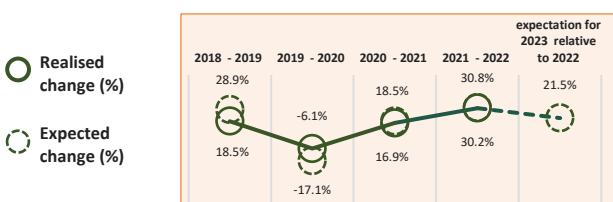
- During 2022 and first quarter of 2023, investment levels in Croatia remained almost unchanged, but staying constantly above the pre-pandemic levels, as a result of private sector investment that compensated the drop in government investments.
- Aggregate investments started to accelerate as of Q2 2023, when increase in government investments more than compensated the drop in private investments (11% y-o-y growth in government investments versus a 7% drop in private investments).



The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0. The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data. Source: Eurostat, authors' own calculations.

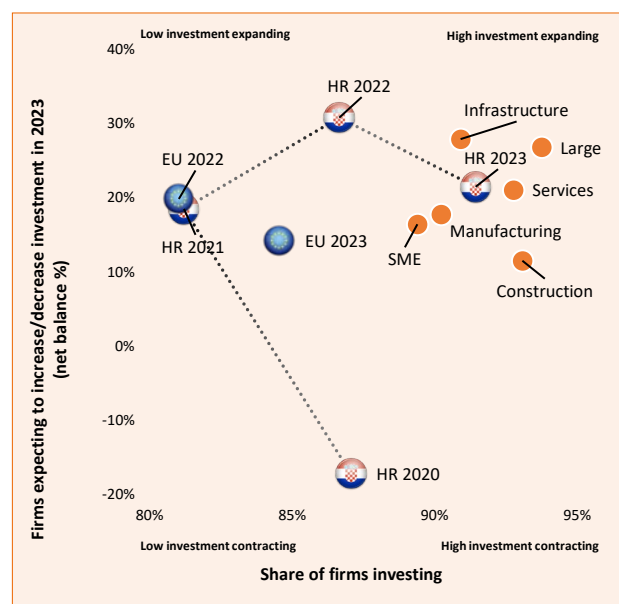
## INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- Firms operating in Croatia hold a positive investment outlook in 2023, with a net balance of 21% of firms expecting to increase rather than decrease investment. However, this outlook marks a substantial decline from the EIBIS 2022 figure, where the net balance was 31%, but is similar to that one reported in 2021 (19%).
- Infrastructure firms are now the most likely to expect to increase their investments (28%). This is more than twice the proportion reported in construction (12%).
- The percentage of Croatian firms that have invested in 2022 remains higher than the overall EU figures (91% versus 85%), sustaining the trend observed in EIBIS 2022.



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

Base for expected and realised change: All firms



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

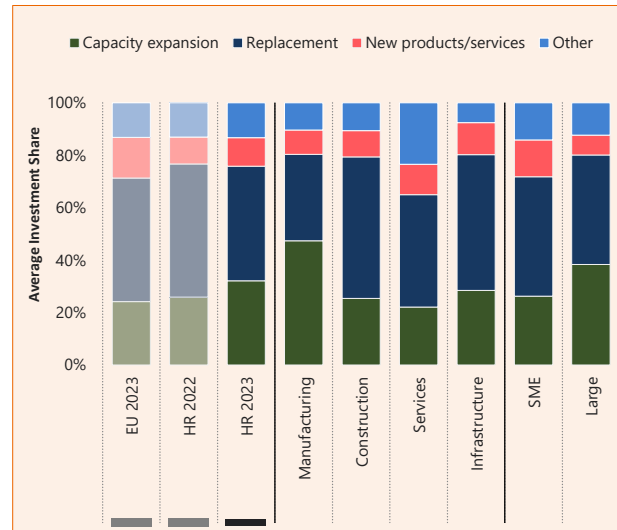
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

# Investment dynamics and focus

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

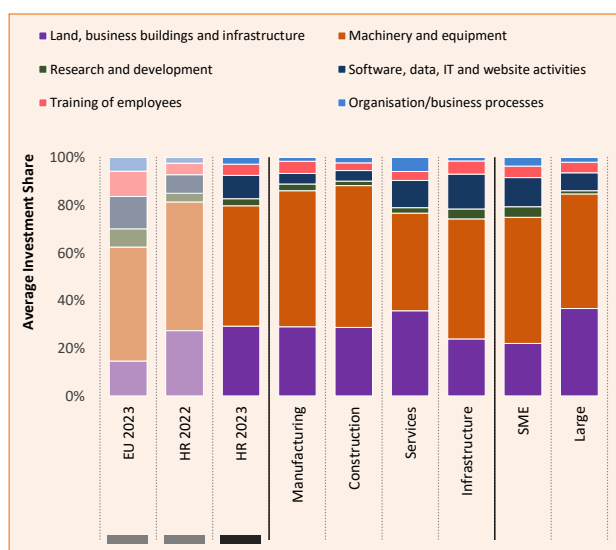
- On average, Croatian firms dedicated 44% of their 2022 investments for replacement, showing a slight decrease from the 51% observed in EIBIS 2022, but is closer to the current EU average of 47%.
- While replacement receives the largest share of investment in all firms, it is particularly emphasized in the construction (54%) and infrastructure sectors (52%).
- The investment towards new products and services appears to have similar shares across all sectors.
- Investment in capacity expansion also accounted for a large proportion of total investment (32%), higher than the EU average (24%).
- In the manufacturing sector a considerable share of investment (47%) was directed towards capacity expansion, which is nearly twice as much as in the services (22%) and construction (25%) sectors.



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

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

## INVESTMENT AREAS



- In line with EIBIS 2022, the largest share of investment by Croatian firms (50%) continued to be allocated towards machinery and equipment in 2022. Investment in land, buildings, and infrastructure (29%) is almost twice as much as the average across the EU (15%).
- A fifth (20%) of Croatian firms' investment was dedicated to intangible assets (including R&D, software, training, and business processes). This trend remains consistent with the EIBIS 2022 data (19%), but considerably below the EU average of 38%.
- Variations in investment activities are observed depending on the sector and business size. Notably, SMEs invested a larger share in intangible assets (25% compared to 15% by large firms), while their investment in tangible assets like land, buildings, infrastructure, and machinery was lower (75% versus 85% for large firms).
- In the services sector, a comparatively higher proportion of investment (36%) was directed towards land, business buildings, and infrastructure.

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?

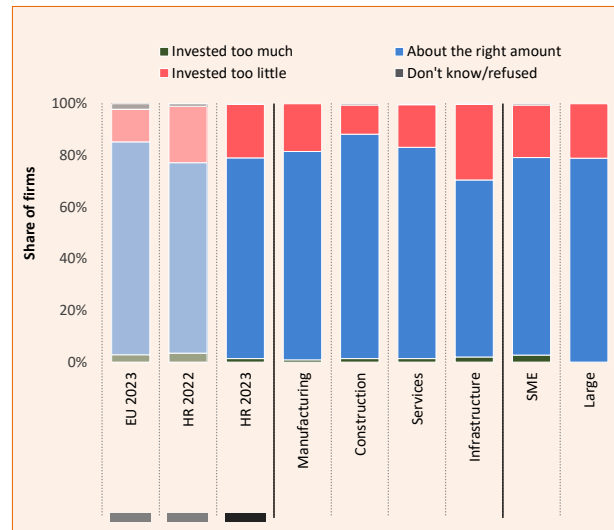
Base: All firms that have invested in the last financial year (excluding don't know/refused responses)



# Investment needs and priorities

## PERCEIVED INVESTMENT GAP

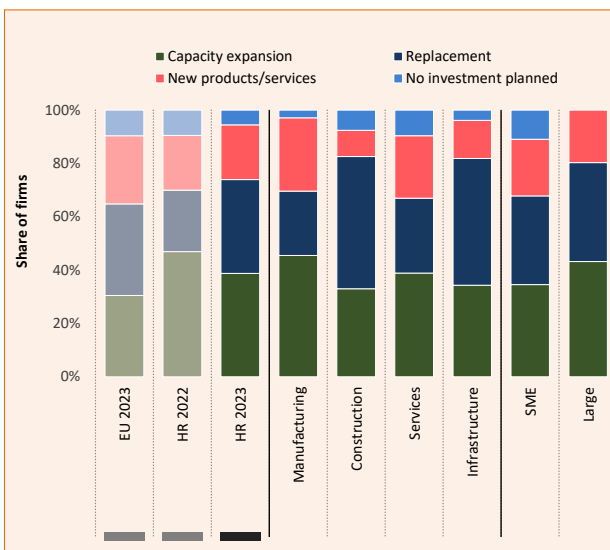
- While the large majority of firms (78%) believe they invested the right amount over the past three years, a significant minority (21%) think they invested too little.
- The proportion of firms saying they did not invest enough is similar to EIBIS 2022 (22%) and much higher than the EU average (13%).
- In Croatia, infrastructure firms (29%) are the most likely to say they have invested too little over the past three years. This compares to 11% of construction firms.
- SMEs and Large firms exhibit similar perspectives on investments (77% and 79% respectively perceive that they invested the right amount), in line with the EU average (82%).



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

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

## FUTURE INVESTMENT PRIORITIES



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

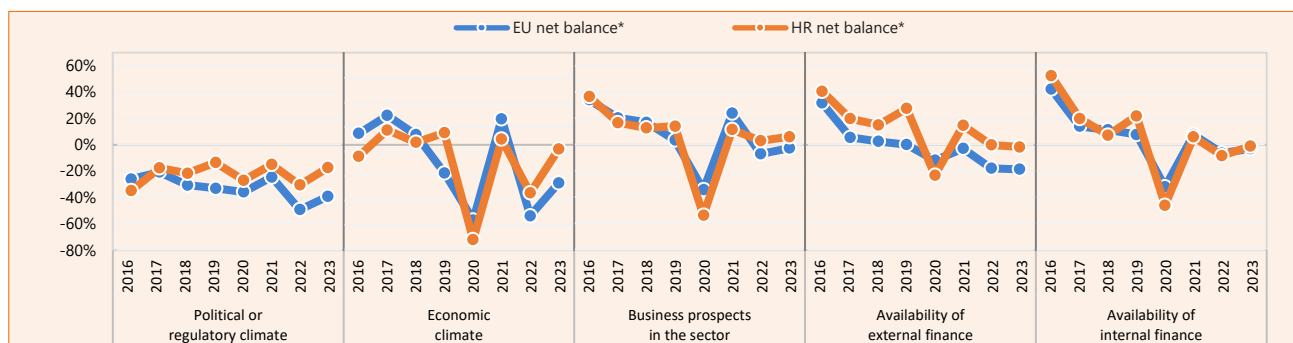
Base: All firms (excluding don't know/refused responses)

- In line with EIBIS 2022, capacity expansion still holds the prime spot as the most frequently cited investment priority in Croatia for the upcoming three years (39%). However, the share of firms giving priority to replacement (35%) has seen a substantial rise compared to last year's figure (23%), bringing it close to the EU average (34%).
- Investment in new products or services has remained stable (20% and 21%, respectively).
- The share of firms with no investment planned has contracted to 6%, a fall from the 9% in EIBIS 2022. This change is especially pronounced for large firms where the intention to invest is unanimous.
- Investment towards replacement is seen as a key focus for firms in the construction (50%) and infrastructure (48%) sectors.
- Over the next three years, capacity expansion will be the top priority for the majority of manufacturers (45%). When it comes to the development of new products or services, the manufacturing sector stands out again, with the highest share (27%) across all sectors.

# Investment needs and priorities

## SHORT-TERM DRIVERS AND CONSTRAINTS

- Firms in Croatia and the EU remain generally pessimistic about the investment conditions for the next year, yet Croatian firms have a slightly more optimistic outlook than the EU average.
- Expectations related to business prospects (16%) and the availability of external (8%) and internal finance (8%) changed relatively less compared to previous year, yet the prevailing sentiment remains, on balance, positive.
- There has been an improvement compared to EIBIS 2022, with the economic climate trend shifting from significantly negative on balance (-34%) to slightly positive (2%).
- Perception of the political or regulatory climate continues to be viewed negatively on balance (-8%).

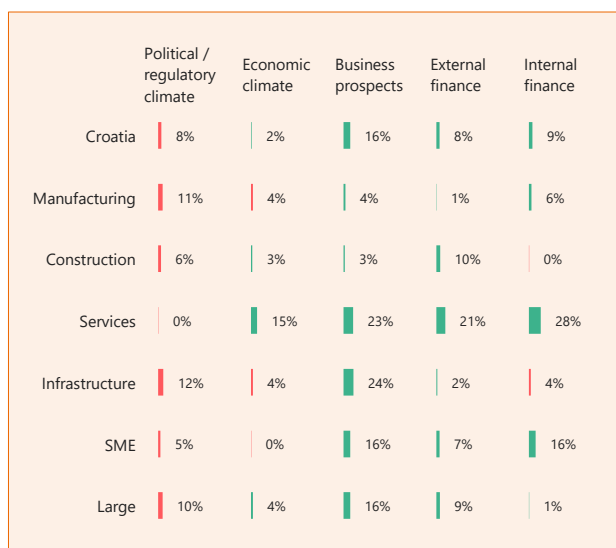


Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

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

Base: All firms

## SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)



Please note: green figures represent a positive net balance, while red figures represent a negative net balance.

- Across all sectors and for both SMEs and large businesses, firms in Croatia remain on balance consistently more negative about the political and regulatory climate, except the services sector where, on balance, no change is expected (0%).
- Croatian firms maintain, on balance, a positive outlook on business prospects and external finance, irrespective of their sector and size.
- Infrastructure (-4%) and construction firms (0%) are the least optimistic about prospects for the availability of internal finance, while services exhibit a more optimistic outlook for the upcoming 12 months.

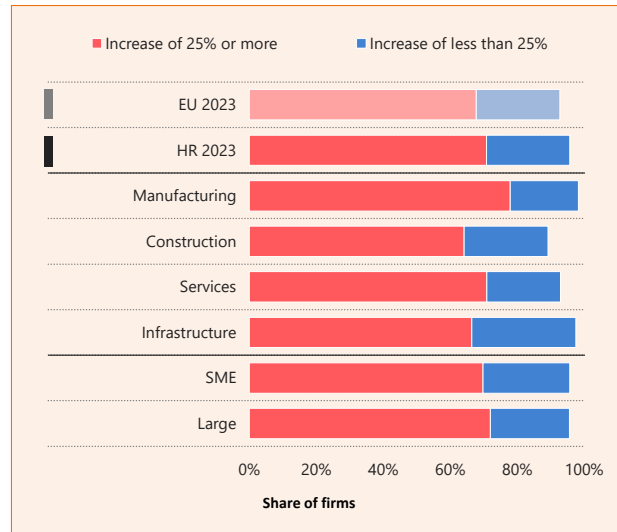
Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

Base: All firms

# Energy market developments

## INCREASED SPENDING ON ENERGY

- In Croatia, the surge in energy costs was experienced across the board, with 96% of firms reporting an increase, slightly higher than the EU average of 93%.
- The prevalence of increased energy costs is consistent across sectors, with manufacturers (78%) being the most likely to experience an increase of 25% or more, compared to 64% in the construction sector and 66% in the infrastructure sector.
- The increase in energy spending was felt equally by both SMEs and Large firms, with 96% of both groups reporting an increase. Nearly three-quarters of large firms (72%) reported an increase of 25% or more in energy spending.



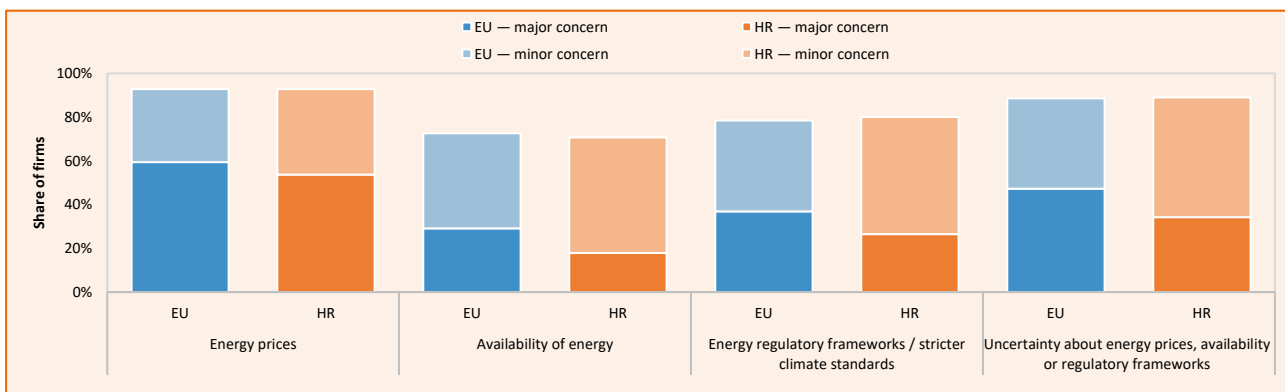
Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of spending on energy stayed about the same and spending on energy decreased not shown on chart.

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

## IMPACT OF ENERGY SHOCK

- Facing the energy crisis, 93% of Croatian and EU firms alike are concerned about energy prices, with a majority (54% in Croatia, 59% in the EU) viewing it as a major issue.
- While most Croatian firms voiced concerns about energy availability (71%), it is only considered a major worry for 18% of them.
- Uncertainty about energy prices, availability, and regulatory frameworks is a cause for concern for 89% of both Croatian and EU firms. Of these, 34% in Croatia and 47% in the EU consider it a major issue.



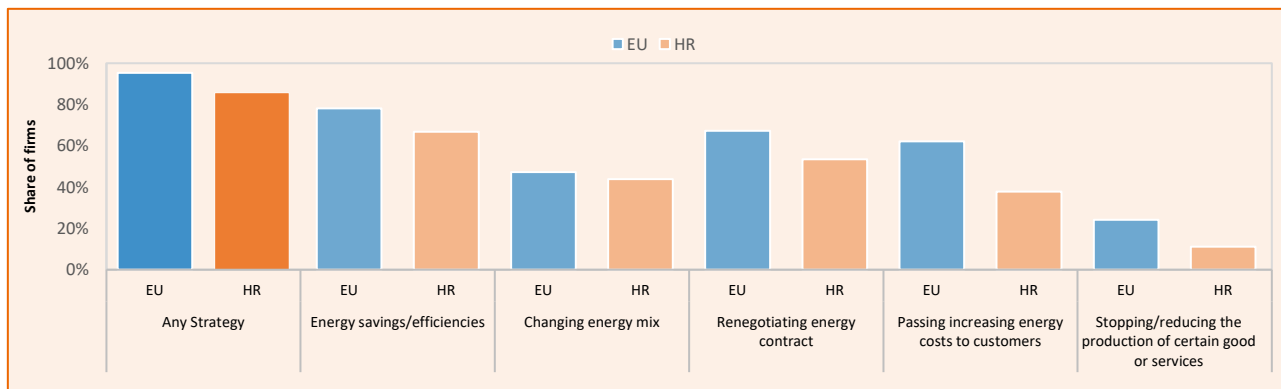
Q. Thinking about the energy shock, to what extent is your company concerned about ...?

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

# Energy market developments

## STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- Compared to firms across the EU, fewer Croatian firms responded to the energy shock by adopting at least one of the proposed strategies (86% in Croatia versus 95% across the EU).
- Except for changing the energy mix, Croatian firms are less likely than firms across the EU to have adopted each of the measures as a strategy or priority.
- In Croatia, the most frequently adopted strategy or priority is to seek energy savings and efficiencies (67%) or to renegotiate their energy contract (53%). While just one in ten (11%) Croatian firms stopped or reduced the production of certain goods or services.

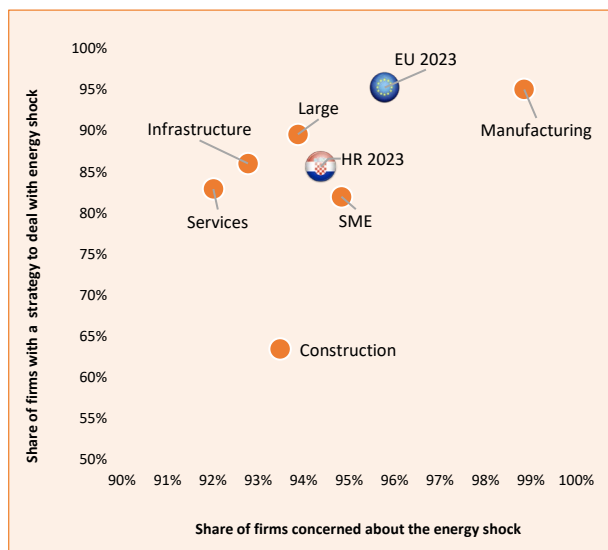


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

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

## IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- While the proportion of firms in Croatia concerned about the energy shock is similar to that seen across the EU as whole (94% versus 96%), a lower proportion than the EU average adopted strategies to help deal with recent developments in the energy market (86% versus 95%).
- In Croatia, concern was at a similar level for firms in all sectors, ranging from 92% in the services sector to 99% among manufacturers, and among both large firms (94%) and SMEs (95%).
- Manufacturers (95%) were the most likely to have adopted strategies in response to the energy shocks, while Construction firms were the least likely (63%). A higher proportion of large firms than SMEs adopted strategies to deal with the recent developments in the energy market (90% versus 82%).



Q. Which, if any, of the following, are your priorities/ strategies to deal with the recent developments in the energy market?

Q. Thinking about the energy shock, to what extent is your company concerned about ...

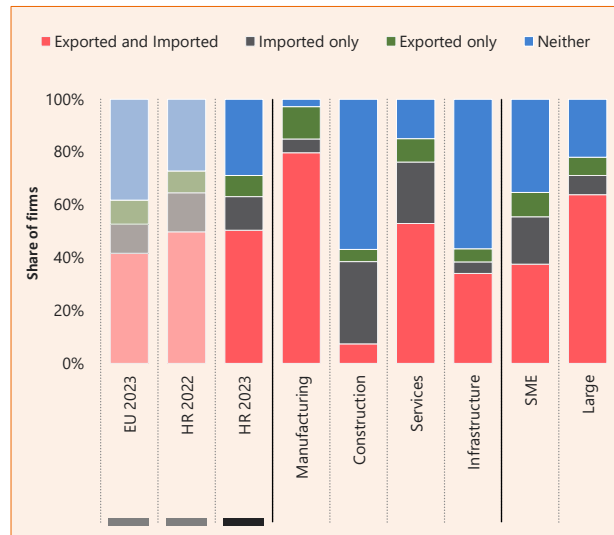
Base: All firms for 'share of firms concerned about the energy shock'

Base: All firms (excluding don't know/refused responses) for 'share of firms with a strategy to deal with the energy shock'

# International trade

## ENGAGEMENT IN INTERNATIONAL TRADE

- In comparison with the EU average, Croatian firms report a higher level of engagement in international trade (71%), exceeding the EU's level of 62%. Half of Croatian firms (50%) are involved in both exporting and importing activities.
- While the majority of manufacturers (97%) and service sector firms (85%) in Croatia are trading internationally, this accounts for relatively few construction or infrastructure firms (both 43%).
- Almost all manufacturers (92%) and more than six in ten of services firms (62%) are exporters. This compares to 12% of construction and 39% of infrastructure firms.
- Large firms are more likely than SMEs to be engaged in international trade (78% versus 65%).

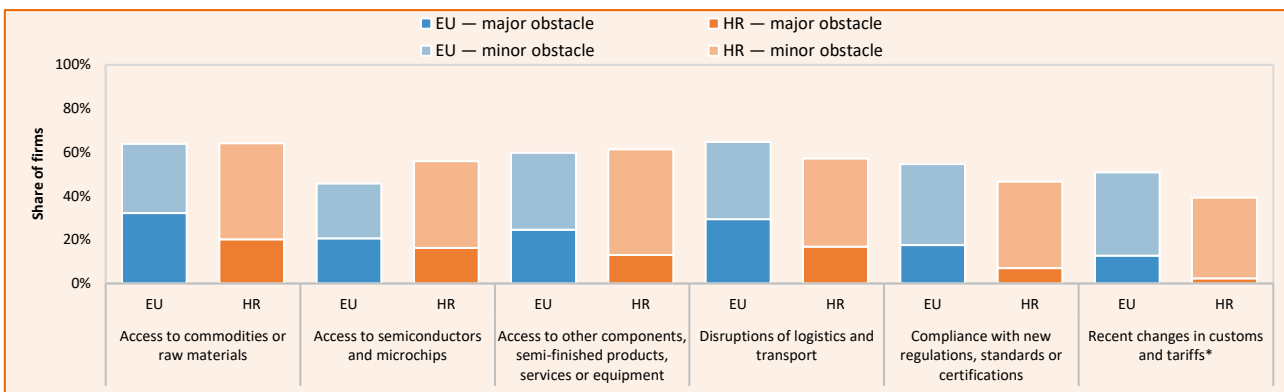


Q. In 2022, did your company export or import goods and/or services?

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

## DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- Each of the six obstacles covered by the survey were having an impact on Croatian firms, just as in the EU overall.
- Croatian traders primarily cite access to commodities or raw materials (64%), and access to other components, semi-finished products, services or equipment (61%) as the primary challenges.
- Croatian firms encounter similar trade barriers overall as EU firms, with a lower share of firms considering these as major obstacles. These include access to commodities or raw materials (20% versus 32%), access to components, or services (13% versus 25%), disruptions of logistics and transport (17% versus 29%), compliance with regulations (7% versus 17%), and changes in customs and tariffs (2% versus 13%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

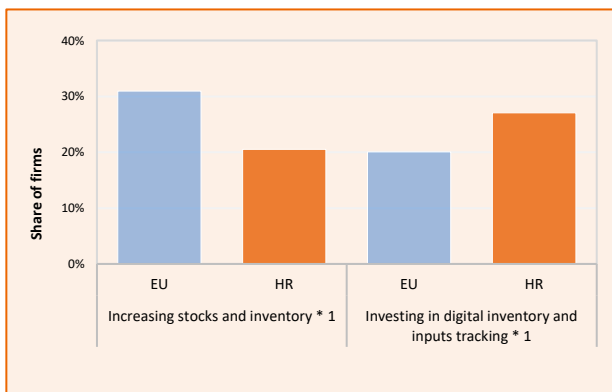
Base: All firms (excluding don't know/refused/not applicable responses)

\*Base: All importers and exporters (excluding don't know/refused/not applicable responses)

# International trade

## SOURCING STRATEGY

- In terms of potential changes to their sourcing strategy, Croatian firms seem more inclined than those across the EU to invest in digital tracking of inventory and inputs (27% versus 20%). However, they are less likely to increase their stocks and inventory than across the EU (21% versus 31%).

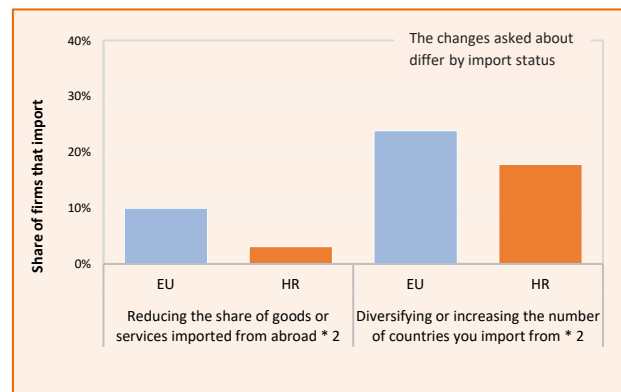


\* 1 = Asked to all, 2 = Asked to all importers

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

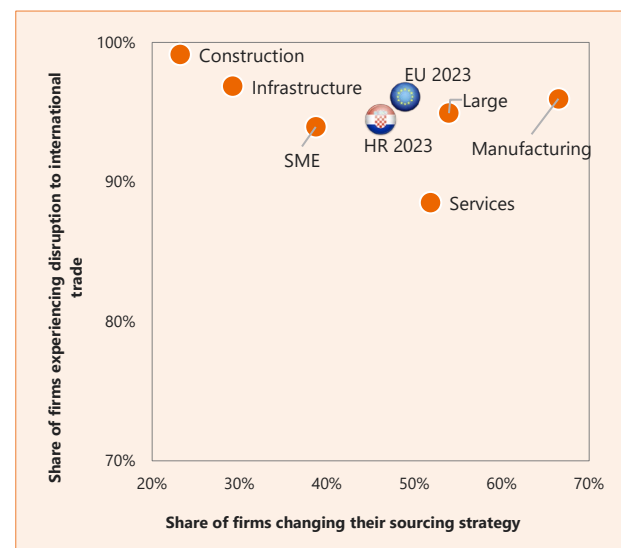
Base: All firms (excluding don't know/refused responses)  
Base: All firms that import (excluding don't know/refused responses)

- When compared to the EU average, Croatian importers exhibit a lower tendency to diversify or expand the number of countries they import from (18% versus 24%). They are less inclined to reduce the share of goods or services imported from abroad than the EU (3% versus 10%).



## DISRUPTIONS AND SOURCING STRATEGY

- A significant majority of Croatian firms (94%) experienced at least one of the disruptions to international trade mentioned in the survey. However, less than half (46%) have either modified their sourcing strategy or are planning to do so. This proportion is slightly lower than the EU average (46% versus 49%).
- Manufacturing and large firms exhibit the highest likelihood of having either altered their sourcing strategy or having plans to implement changes, with 67% and 54% respectively indicating such shifts.
- Firms in the Construction (99%) and Infrastructure (97%) sectors report the highest rates of international trade disruptions but show minimal intentions to modify their sourcing strategy, with only 23% and 29% respectively planning changes.



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

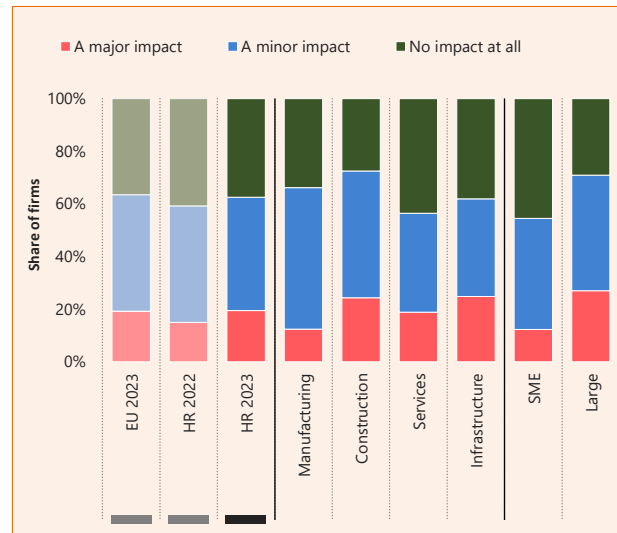
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

# Climate change and energy efficiency

## IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

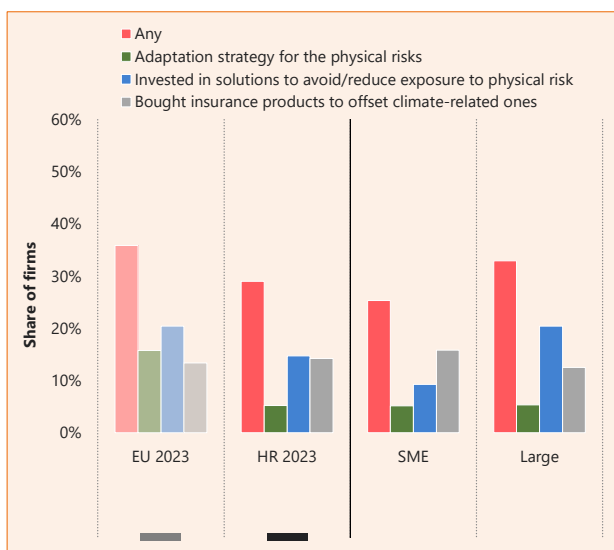
- The recognition of climate change's impact is growing among Croatian firms, with 63% observing that weather events have influenced their business. This is an increase from the 59% reported in EIBIS 2022 and is similar to the EU average of 64% in EIBIS 2023.
- The reported impact of climate events on business operations is generally consistent across all sectors. Yet only 56% of firms within the services sector report being affected by such events.
- Climate events pose nearly twice the risk of major impact to infrastructure (25%) and construction (24%) firms in comparison to manufacturers (12%).
- A small majority of SMEs (54%) report that weather events have had an impact on their business. This figure is more pronounced among large firms, where 71% have observed such effects.



Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

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

## BUILDING RESILIENCE TO PHYSICAL RISK



- Approximately three in ten (29%) of Croatian firms have undertaken or invested in measures to build resilience against the physical risks posed by climate change to their company. This figure is below the EU average, which stands at 36%.
- Firms are likely to invest in solutions to avoid or reduce the exposure to physical risks (15%), and to have bought insurance products to offset climate-related losses (14%). Just 5% are devising strategies to adapt to the physical risks associated with climate change. This is lower than the EU average of 16%.
- Large firms are somewhat more likely than SMEs to take measures to build resilience against physical risks, with 33% and 25% doing so, respectively.

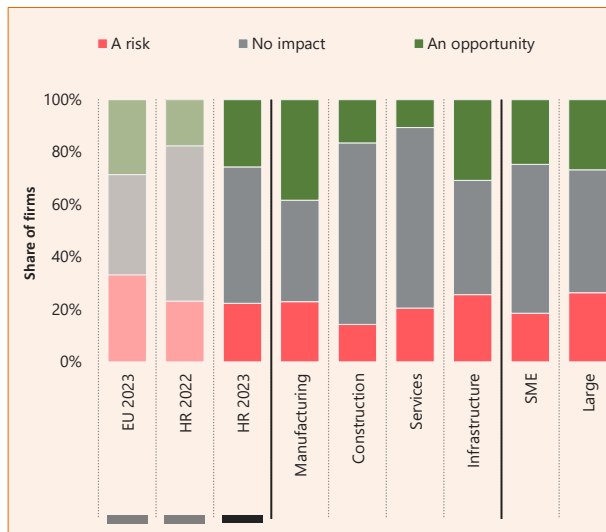
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

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

# Climate change and energy efficiency

## IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- More than a half (52%) of Croatian firms believe that the transition to stricter climate standards and regulations will not impact their company. The rest of the views on this transition are evenly divided, with 22% perceiving it as a risk and 26% considering it an opportunity.
- While the share of firms seeing stricter regulations as an opportunity almost matches the EU average (26% versus 29%), fewer firms view it as a risk (22%), compared to the EU average (33%).
- The shift to a net-zero emission economy is seen as an opportunity by 38% of manufacturers, but just 11% of services firms. Meanwhile, seven in ten in construction (69%) and services (69%) foresee no impact from this transition.
- Less than a third of both SMEs and large firms see the transition to a net-zero emission economy as an opportunity (25% and 27%, respectively) or a risk (19% and 26%).

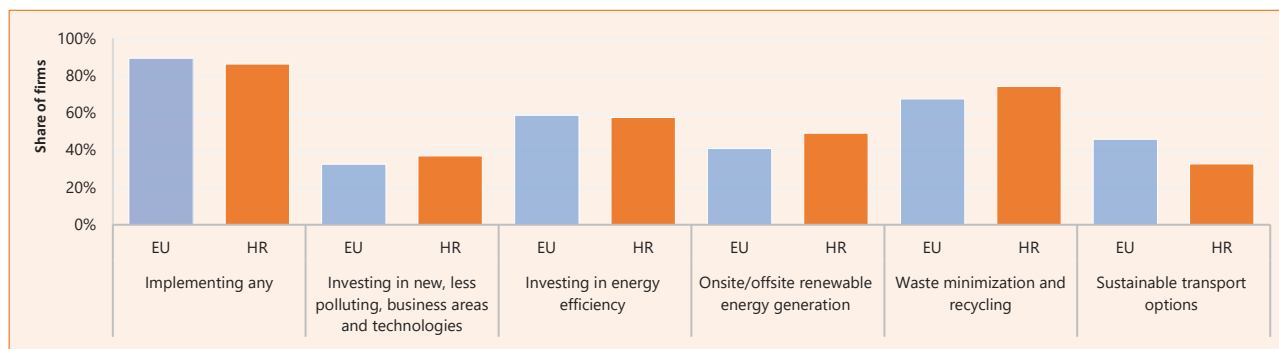


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

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

## ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- Matching the EU average (89%), a substantial 86% of Croatian firms are taking proactive steps to reduce Greenhouse Gas (GHG) emissions.
- The main actions taken in Croatia are waste minimization and recycling (74%) and investments in energy efficiency (57%).
- The data for specific measures generally align with the EU average. However, Croatian firms are less inclined to invest in sustainable transport solutions (32% versus 46%), but more likely to invest in renewable energy generation, both onsite and offsite (49% versus 41%).



Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

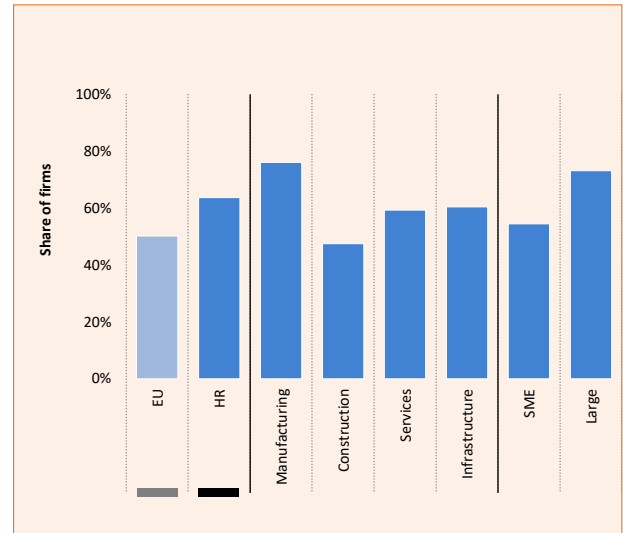
Base: All firms (excluding don't know/refused responses)



# Climate change and energy efficiency

## ENERGY AUDIT

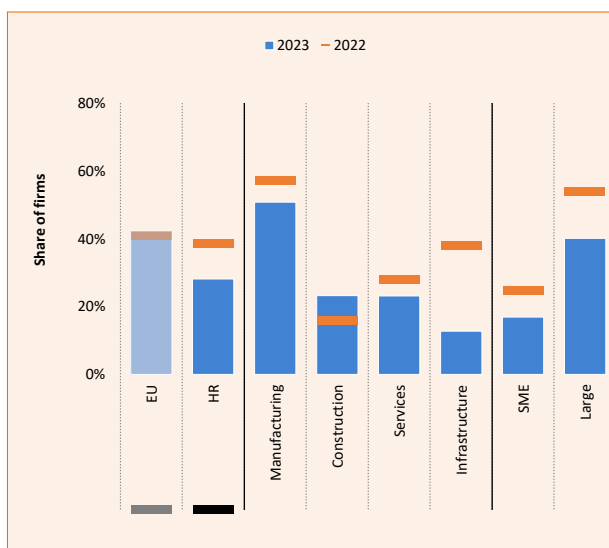
- A majority of Croatian firms (64%) have undergone an energy audit in the past three years. This process involves assessing the energy needs and efficiency of their company's premises. This proportion is noticeably higher than the EU average of 50%.
- Three-quarters of manufacturers (76%) have undergone an energy audit, while less than half the construction firms (47%) have taken the same action.
- In the past three years, a higher share of large firms (73%) have conducted an energy audit compared to SMEs (54%).



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings)?

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

## CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



Q. Does your company... sets and monitors targets for its own greenhouse gas (GHG) emissions

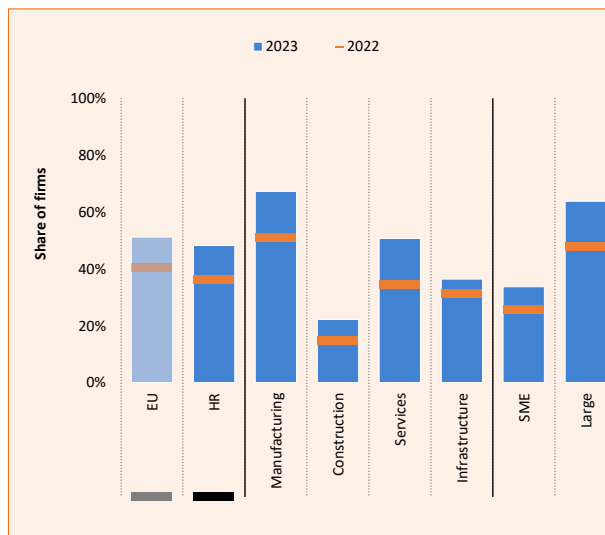
Base: All firms (excluding don't know/refused responses)

- For Croatian firms there has been a decline in setting and monitoring targets for own GHG emissions falling to 28% from 39% in EIBIS 2022, while for the EU average remained relatively unchanged in EIBIS 2023 (42%) compared to previous year (41%). This pattern is consistent across all sectors and company sizes, except for the construction sector.
- Manufacturing is the only sector where the majority of firms set and monitor their own GHG emissions (51%).
- The share of firms in the infrastructure sector involved in setting and monitoring own GHG targets has declined (from 38% to 13%).
- Large firms are over twice as likely as SMEs to say they set and monitor targets for their own GHG emissions (40% versus 17%).

# Climate change and energy efficiency

## SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- Approximately half (48%) of the Croatian firms invested in measures to increase energy efficiency in 2022. This aligns with the EU average of 51%, and shows an improvement compared to last year's EISIB of 36%.
- The sectors most inclined to invest in energy efficiency are manufacturing (67%) and services (51%), while construction firms are the least likely (22%). Notably, each sector exhibits an increased commitment to energy efficiency compared to the EIBIS 2022 data.
- Among both SMEs and large firms, the proportion investing in measures to improve energy efficiency is higher than in EIBIS 2022. Moreover, the figure is far higher among large firms than SMEs (64% versus 34%).

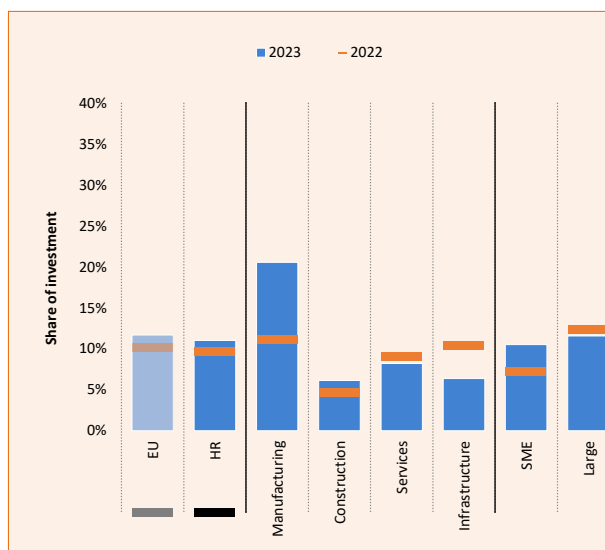


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

## AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 11% of the investment made by firms in Croatia was directed towards measures to improve the organisation's energy efficiency. This is a similar proportion as EIBIS 2022 (10%) and almost identical to the current EU average (12%).
- Firms in the manufacturing sector (21%) spent the highest share of their investment on efficiency and this figure has doubled since EIBIS 2022 (11%). Construction (6%), services (8%) and infrastructure (6%) sector firms spent less than a tenth of their total investment on measures to improve energy efficiency.
- Both SMEs and large firms were directing approximately 10% of their investment towards initiatives for improving energy efficiency.

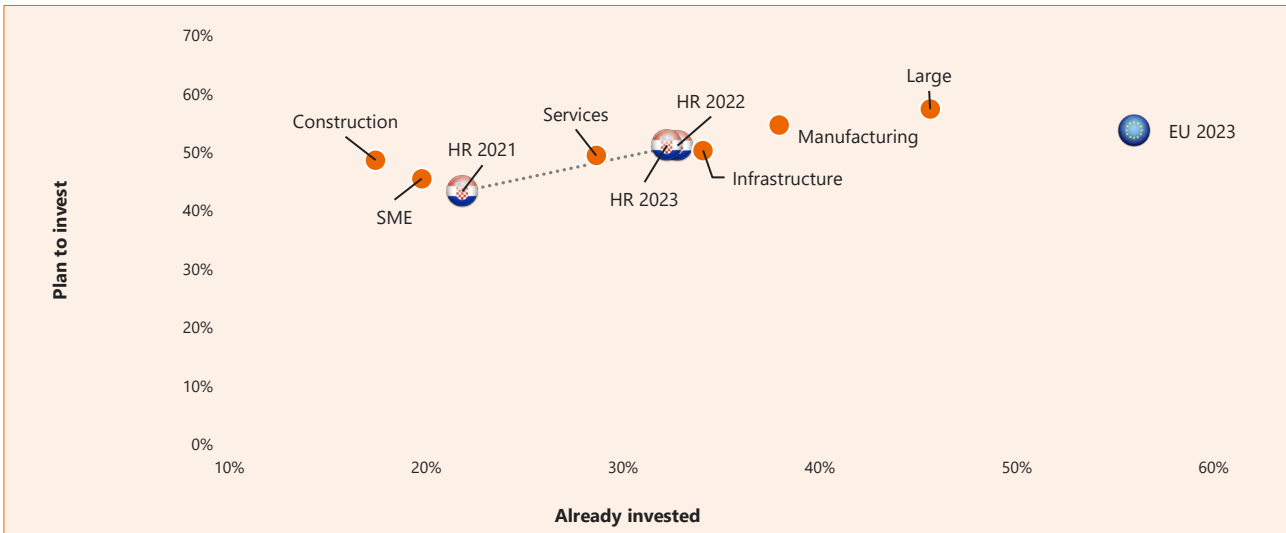


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

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

# Climate change and energy efficiency

## INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:

Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?

Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to 2021 with caution.

EIBIS 2021:

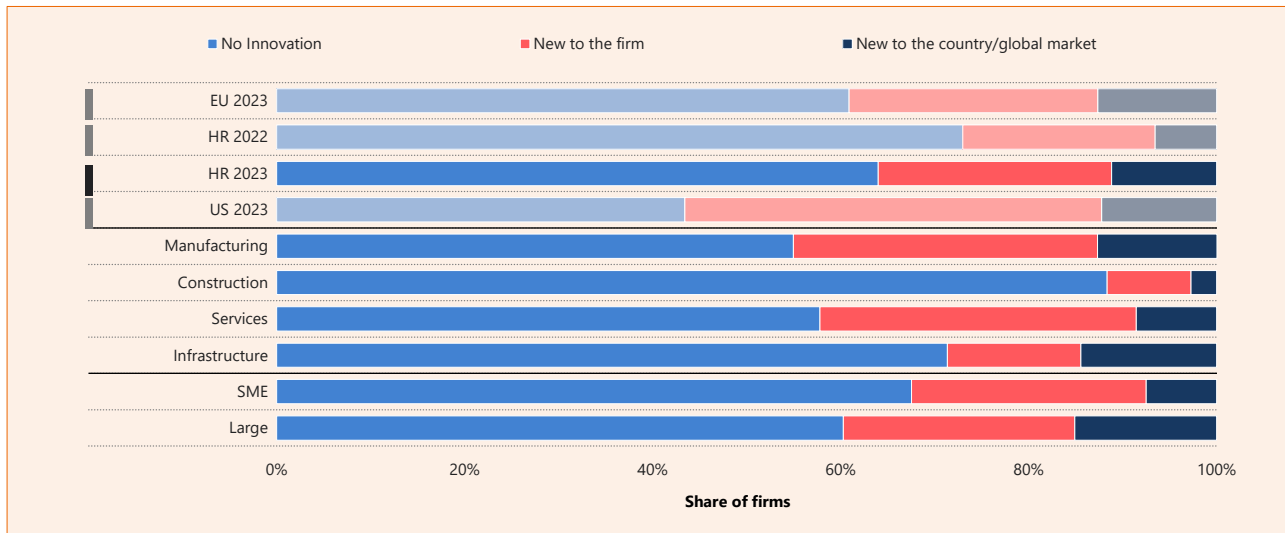
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

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

- In Croatia, approximately a third (32%) of companies have already taken action to address the effects of weather events and the reduction of carbon emissions, while slightly more than half (51%) intend to make similar investments within the next three years. The proportion of firms that have already made such investments is lower than the EU average (56%). However, the future investment intentions align more closely with the EU average (51% compared to 54%).
- The manufacturing sector leads the way with the largest percentage of firms (38%) that have already invested in addressing the impacts of weather events. Additionally, it boasts the highest proportion of firms intending to invest in the future (55%). In contrast, the construction sector lags behind with only 17% of firms having made such investments. Across all sectors, about half of the firms express their plans to invest in energy efficiency initiatives.
- Large firms display a higher propensity than SMEs both in terms of already having invested in climate change mitigation measures (46% versus 20%) and in terms of future investment plans (57% versus 46%).

# Innovation activities

## INNOVATION ACTIVITY



Q. What proportion of total investment in the last financial year was for developing or introducing new products, processes or services?

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

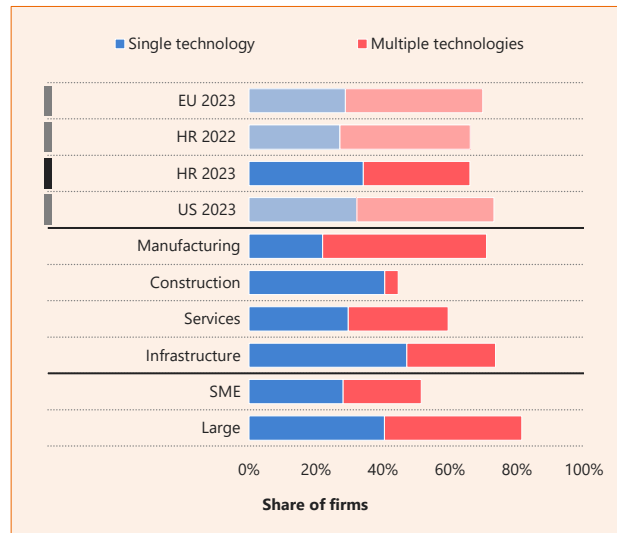
Base: All firms (excluding don't know/refused responses)

- Over a third (36%) of Croatian firms developed or introduced new products, processes or services as part of their investment activities in 2022, higher than in EIBIS 2022 (27%) and almost in line with the EU average of 39%. By contrast, more than half of US firms (57%) developed or introduced new products, processes or services.
- Over one in ten firms in Croatia (11%) report the development/ introduction of products, processes or services new to either the country or global market. This is consistent with EIBIS 2022 (7%) and matches the current EU average (13%).
- As in EIBIS 2022, manufacturing (45%) and services (42%) had the highest proportion of firms investing in innovation. The lowest proportion is seen in the construction sector (12%).
- More large firms invested in innovation than SMEs (40% versus 32%), with 15% of the large firms saying they had developed or introduced products, processes or services that were new to either the country or global market.

# Innovation activities

## USE OF ADVANCED DIGITAL TECHNOLOGIES

- In Croatia, two-thirds (66%) of firms use at least one advanced digital technology, slightly below the EU (70%) and the US (73%) average. Both EU and Croatian figures align with EIBIS 2022 data (66%).
- Manufacturing and infrastructure firms are leaders in digital adoption (71% and 74% respectively). Construction is the only sector where the majority (55%) abstains from using digital technologies.
- Large firms outpace SMEs in technology adoption (81% versus 51%) and are more prone to utilize multiple digital applications (41% versus 23%).
- The digital technologies that Croatian firms are most likely to be using are robotics (48%) and IoT (45%). Compared to the EU average, Croatian firms are making less use of digital platform (30% versus 50%).
- The use of Drones in the US (60%) exceeds that of the EU and Croatia, both at 24%.



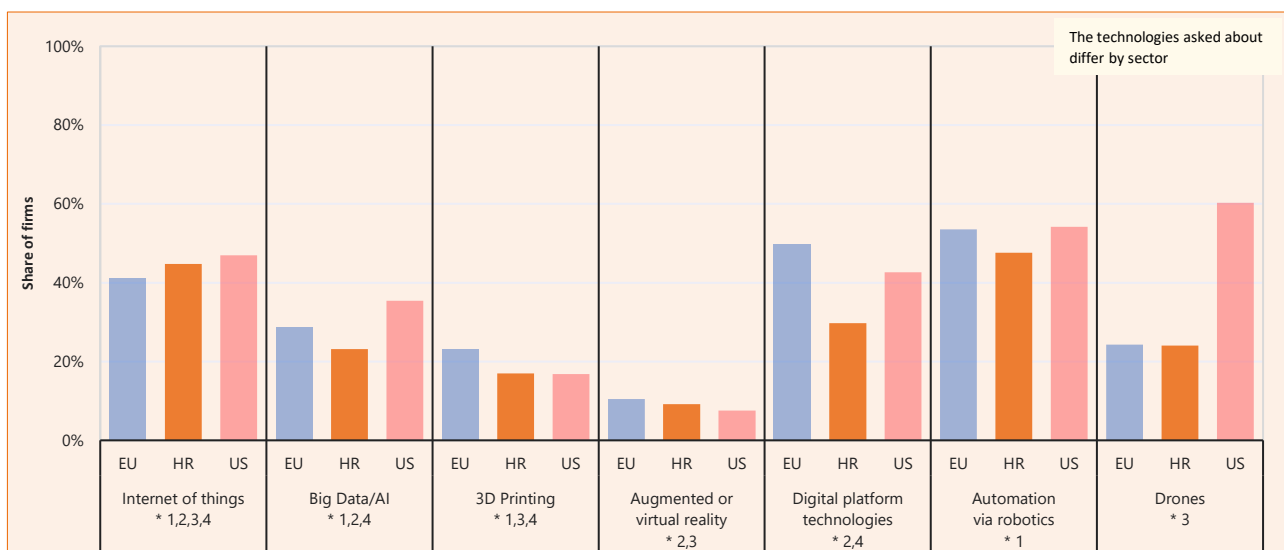
Reported shares combine “used” the technology “in parts of business” and “entire business organised around it.”

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about.

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

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

## ADVANCED DIGITAL TECHNOLOGIES



\* Sector: 1 = Asked to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to infrastructure firms

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

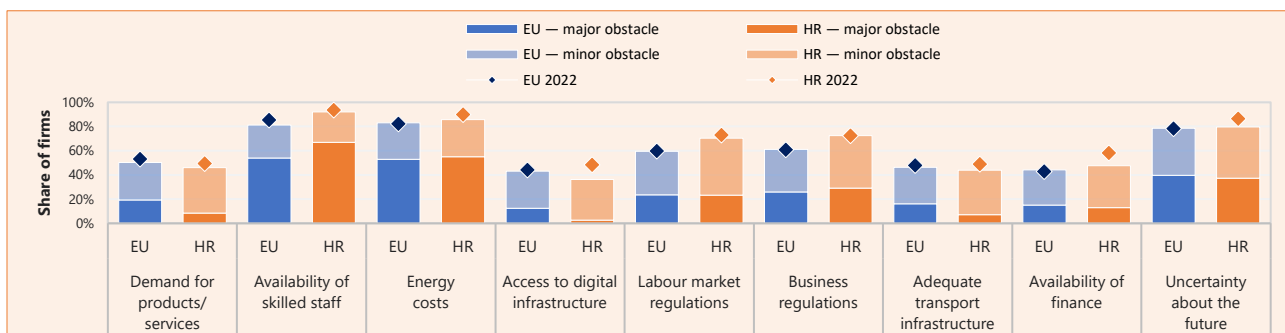
Reported shares combine used the technology ‘in parts of business’ and ‘entire business organised around it’

Base: All firms (excluding don't know/refused responses);  
Sample size HR: Manufacturing (163); Construction (80); Services (138); Infrastructure (104).

# Investment impediments

## LONG-TERM BARRIERS TO INVESTMENT

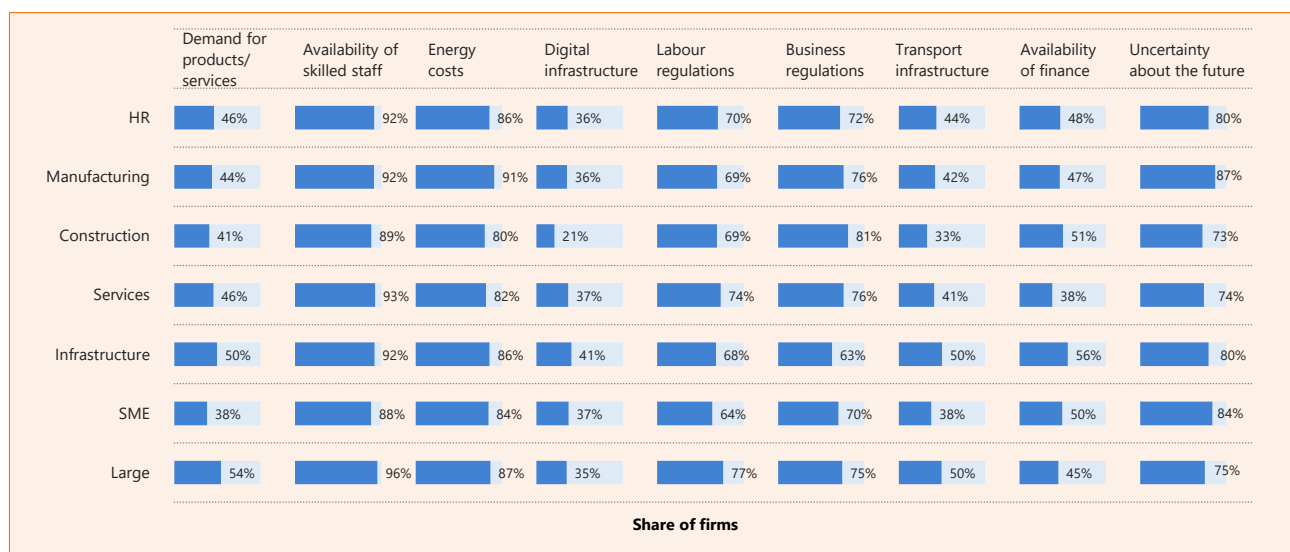
- As in EIBIS 2022, the most frequently mentioned long-term barriers to investment in Croatia are the availability of skilled staff (92%), energy costs (86%), and uncertainty about the future (80%). These are also the main barriers for firms across the rest of the EU.
- Most findings resemble EIBIS 2022, with exceptions in digital infrastructure access, dropping from 48% to 36%, and finance availability, decreasing from 58% to 48%.
- At least eight in ten firms in all sectors regard energy costs and the availability of skilled staff as long-term barriers to investment.
- SMEs and large firms experience broadly the same long-term barriers.



Q. Thinking about your investment activities, 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 that said not an obstacle at all/don't know/refused)

## LONG-TERM BARRIERS BY SECTOR AND SIZE



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

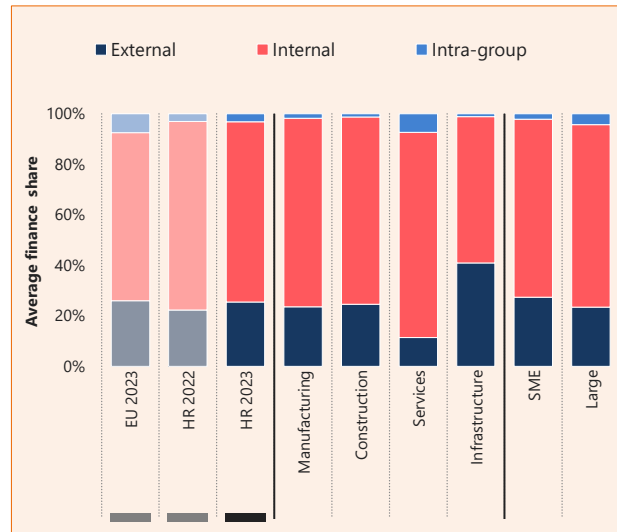
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

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

# Access to finance

## SOURCE OF INVESTMENT FINANCE

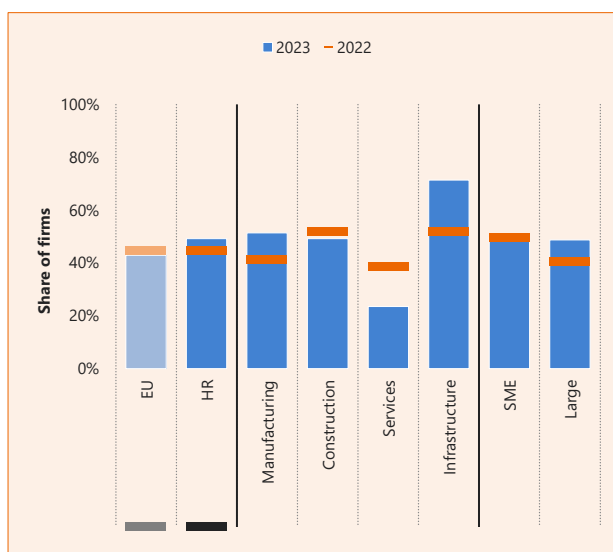
- Internal sources accounted for the largest share of investment finance for firms in Croatia (71%), followed by external finance (26%). The remainder (3%) comes from intra-group financing.
- All proportions are similar to EIBIS 2022 and in line with the current EU average.
- In every sector and company size, more than half of the investment financing was derived from internal sources. The infrastructure sector particularly leaned towards external funding, accounting for 41% of their investment finance. Notably, they sourced the least proportion from intra-group channels, at just 1%.
- Both large firms and SMEs report a similar structure of investment finance.



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

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

## USE OF EXTERNAL FINANCE



- Nearly half (49%) of Croatian firms that invested in the previous financial year utilized external finance for at least a portion of their investment. This is higher than the EU average (43%) and marks an increase from EIBIS 2022 (45%).
- The infrastructure sector is the only one displaying a substantial increase in external finance (71%) as compared to EIBIS 2022 (52%).
- Approximately half of the investing large firms (49%) and SMEs (50%) sourced investment finance from external entities.

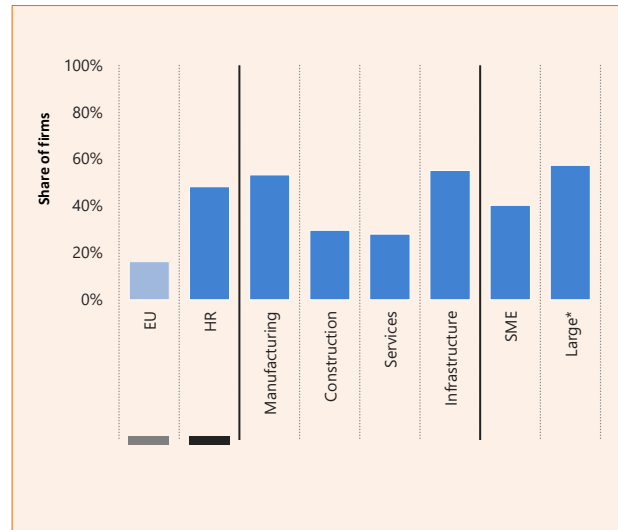
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

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

## Access to finance

### SHARE OF FIRMS WITH FINANCE FROM GRANTS

- Nearly half (48%) of Croatian firms using external finance received grants, which is higher than the EU average (16%).
- Manufacturers (53%) and infrastructure firms (55%) were far more likely than those in construction (30%) or services (28%) to have received grants.
- In comparison to EIBIS 2022, more large firms than SMEs using external finance received grants (57% versus 40%).

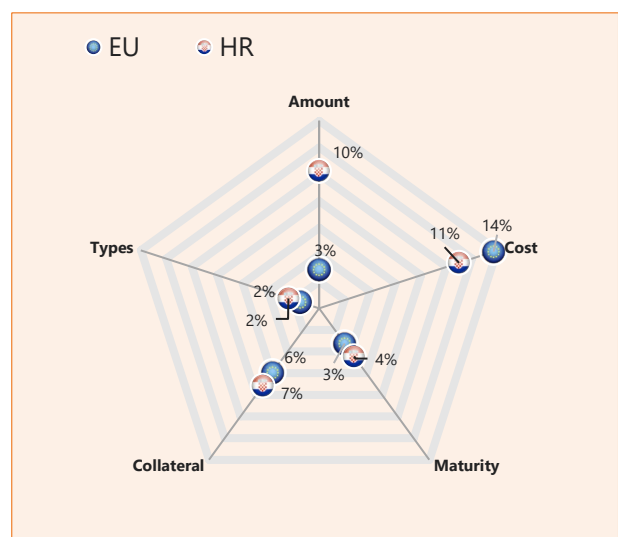


Q. What proportion of your total investment in the last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)  
\* Caution very small base size less than 30

### DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- Only a very small proportion of Croatian firms that used external finance in the last financial year are dissatisfied with the conditions received.
- The amount obtained (10%) and the cost of external finance (11%) show higher dissatisfaction shares than the other factors asked about.
- Dissatisfaction among Croatian firms about the amount obtained is more than 3 times higher than the EU average (10% versus 3%). In comparison, the cost of external finance is the only category for which dissatisfaction of EU firms is higher (14%).
- Dissatisfaction levels on the remaining aspects of external finance matches the EU average.



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

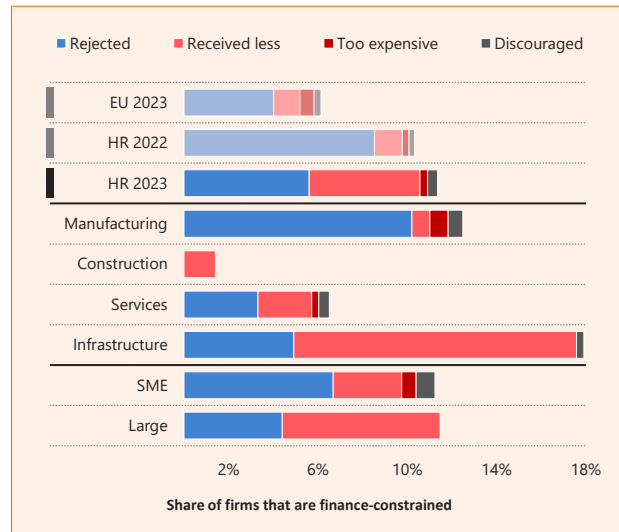
Base: All firms that used external finance in the last financial year (excluding don't know/refused responses)



# Access to finance

## SHARE OF FIRMS THAT ARE FINANCE CONSTRAINED

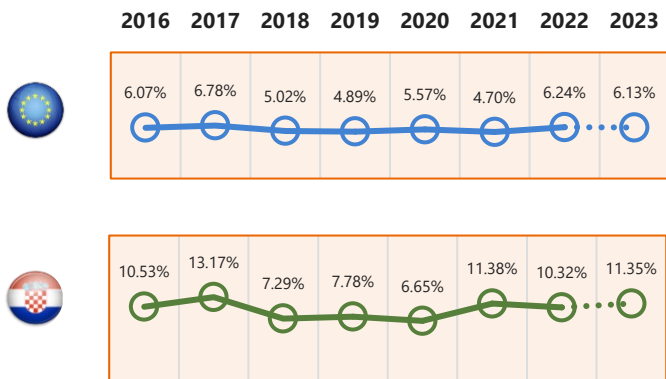
- The proportion of financially constrained firms in Croatia (11.4%) is almost double the EU average (6.1%).
- Rejection (5.6%) and receiving an insufficient amount (5%) constitute nearly all of Croatia's financially constrained firms.
- The share of finance-constrained firms in Croatia is highest in the infrastructure (17.9%) and manufacturing (12.5%) sectors. The primary constraint for the infrastructure sector is the insufficient amount received (12.7%), while manufacturers cite rejection (10.2%) as their major concern.
- SMEs (11.2%) and large firms (11.5%) both exhibit similar levels of financial constraint, yet larger firms indicate receiving an insufficient amount of finance more frequently (7% versus 3%), while the share of rejected firms is higher among SMEs (7% versus 4%).



*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 that 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 (excluding don't know/refused responses)*

## FINANCING CONSTRAINTS OVER TIME

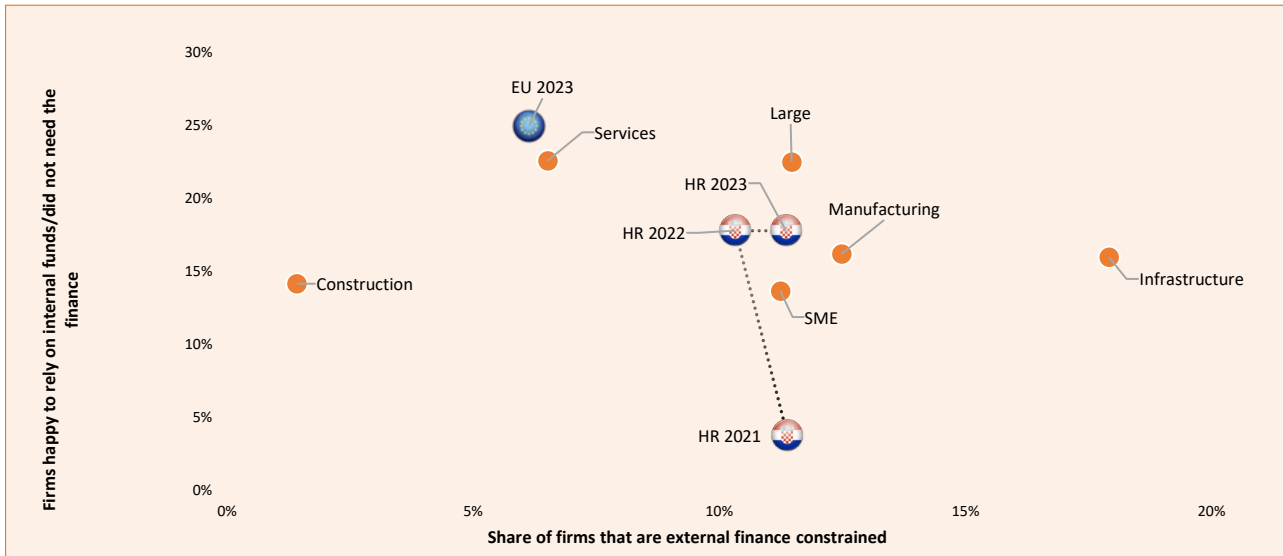


- In Croatia, the share of firms experiencing financial constraints has always been higher than the average across the European Union. This situation persists and shows no signs of changing in the immediate future.
- The proportion of Croatian firms that are finance constrained is slightly higher than in EIBIS 2022 (11.35% versus 10.32%).

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

# Access to finance

## FINANCING CROSS



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'

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

- Over the past three years, the level of financial constraint in Croatia has remained steady at approximately 11%. More Croatian firms are now content to depend on internal finance than they were in EIBIS 2021 but kept the level in 2022 (18%).
- Compared to the EU average, Croatian firms find themselves in a less robust position, experiencing higher financial constraints (11.4% versus 6.1%) and a lower share of firms being happy to rely-on internal funding (18% versus 25%).
- In Croatia, the infrastructure (18%) and manufacturing (12%) sectors are most prone to financial constraints. Construction (1%) and service (7%) sectors seem to face the fewest external financial challenges. Service sector demonstrates the highest preference for relying on internal finance, at 23%.
- SMEs generally experience the same level of financial constraints as large firms (11% each) but exhibit less satisfaction in relying on internal finance (14% versus 23%).

## EIBIS 2023 – 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
	(12030)	(802)	(498)	(166)	(82)	(139)	(105)	(446)	(52)	(12030 vs 498)	(166 vs 82)	(446 vs 52)
10% or 90%	1.1%	3.9%	3.9%	6.1%	8.8%	7.3%	8.0%	2.7%	7.5%	4.0%	10.7%	8.0%
30% or 70%	1.8%	6.0%	5.9%	9.4%	13.5%	11.1%	12.2%	4.1%	11.5%	6.2%	16.4%	12.1%
50%	1.9%	6.5%	6.5%	10.2%	14.7%	12.1%	13.3%	4.5%	12.5%	6.7%	17.9%	13.3%

### GLOSSARY

<b>Investment</b>	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.
<b>Investment cycle</b>	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.
<b>Manufacturing sector</b>	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
<b>Construction sector</b>	Based on the NACE classification of economic activities: firms in group F (Construction).
<b>Services sector</b>	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
<b>Infrastructure sector</b>	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).
<b>SME</b>	Firms with between 5 and 249 employees.
<b>Large firms</b>	Firms with at least 250 employees.

*Note: the EIBIS 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.*

## EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 498 firms in Croatia (carried out between April and July 2023).

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

Base definition and page reference	EU 2023/2022	US 2023	Croatia 2023/2022	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	498/481	166	82	139	105	446	52
All firms (excluding don't know/refused responses), p. 5 (bottom right)	11624/11682	776	491/473	163	80	138	104	441	50
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (top)	10147/9704	692	422/409	139	68	114	95	375	47
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (bottom)	9948/9501	704	437/420	143	72	117	99	388	49
All firms (excluding 'Company didn't exist three years ago' responses), p. 7 (top)	12015/12005	802	498/480	166	82	139	105	446	52
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	490/473	165	78	138	103	438	52
All firms (excluding don't know/refused responses), p. 9 (top)	11812/NA	782	495/NA	165	81	138	105	443	52
All firms (data not shown for those that said not an obstacle at all/don't know/refused), p. 9 (bottom)	12030/NA	802	498/NA	166	82	139	105	446	52
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	489/NA	162	80	135	103	438	50
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	489/NA	162	80	135	103	438	50
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	496/481	165	82	139	104	444	52
All firms (excluding don't know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	183/NA	58	32	51	39	162	21
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	495/NA	165	82	138	104	443	52
All firms that import (excluding don't know/refused responses), p. 12 (top right)	6151/NA	240	296/NA	127	29	104	32	256	40
All firms (excluding don't know/refused responses), p. 12 (bottom)	10139/NA	717	395/NA	145	66	115	64	350	45
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	491/476	161	82	137	105	439	52
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	493/471	165	80	137	105	441	52
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	472/451	158	76	131	101	423	49
All firms (excluding don't know/refused responses), p. 14 (bottom)	11956/11964	800	496/478	165	82	138	105	444	52
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	463/NA	158	76	129	94	414	49
All firms (excluding don't know/refused responses), p. 15 (bottom)	11836/11712	791	489/465	165	81	137	100	438	51
All firms that have invested in the last financial year (excluding don't know/refused responses), p. 16 (bottom)	10210/9752	707	430/405	137	69	121	97	383	47
All firms (excluding don't know/refused responses), p. 17	11721/11685	770	481/467	162	79	131	103	431	50
All firms (excluding don't know/refused responses), p. 18	11738/11735	780	482/460	163	79	134	100	432	50
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	497/479	166	82	139	105	446	51
All firms (excluding don't know/refused responses), p. 19 (bottom)	11916/11844	800	490/475	163	80	138	104	443	47
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (top)	12030/12021	802	498/481	166	82	139	105	446	52
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (bottom)	12030/12021	802	498/481	166	82	139	105	446	52
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (top)	10517/10051	697	440/426	146	72	121	95	392	48
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)	10517/10051	697	440/426	146	72	121	95	392	48
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	198/195	61	32	42	60	175	23
All firms that used external finance in the last financial year (excluding don't know/refused responses), p. 22 (bottom)	4184/3988	264	192/188	61	31	42	54	170	22
All firms (excluding don't know/refused responses), p. 23 (top)	11544/11504	729	479/465	163	78	133	99	430	49
All firms (excluding don't know/refused responses), p. 23 (bottom)	11544/11504	729	479/465	163	78	133	99	430	49
All firms (excluding don't know/refused responses), p. 24	11544/11473	729	479/461	163	78	133	99	430	49





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# Croatia

## Overview

# EIB INVESTMENT SURVEY

# 2023