

Zagreb, October 13, 2023

Esteemed Minister, Assoc. Prof. Dr. Marko Primorac

Based on the Fiscal Responsibility Act (Official Gazette 111/18; 83/23) and the Budget Act (Official Gazette 144/21), the Fiscal Policy Commission is required to endorse the macroeconomic projections prepared by the Ministry of Finance, which will serve as the foundation for the 2024 Draft Budget Plan of the Republic of Croatia.

The Commission deliberated on the Ministry of Finance's macroeconomic projections during a joint meeting held on October 12, 2023. In the process of endorsing macroeconomic projections, the Fiscal Policy Commission aimed to impartially and comprehensively evaluate whether the proposed macroeconomic projections are reasonable and can be used as a basis for decision-making and implementation of fiscal policy. The Ministry of Finance's macroeconomic projections were based on preliminary data provided by the National Bureau of Statistics, constituting the first round of fiscal notification.

The commission determined that the Ministry of Finance's macroeconomic projections for the next year are slightly more optimistic than the currently available projections of other relevant institutions, including those of the European Commission, though the Ministry maintained a conservative stance in the projections. The Fiscal Policy Commission considers this approach justified, as it allows for adjustments to fiscal plans amidst the uncertainties and changing conditions of the forthcoming period. Uncertainties are first and foremost manifested in the possibility of growing risks from an economic slowdown (recession) and real limitations of the Croatian economy caused by structural weaknesses.

As a result of the above, the Fiscal Policy Commission, at its 22nd session held on October 13, 2023, confirmed that the presented macroeconomic projections provide a solid foundation for the 2024 Draft Budget Plan.

Prof. Sandra Krtalić, PhD

The President of the Fiscal Policy Commission