

Economy overview of croatia economics essay



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Croatia is located in Southeastern Europe between Bosnia and Herzegovina and Slovenia. It has a border with the Adriatic Sea (5, 835 kilometers coastline) . Croatia has a 932 kilometer boundary line with Bosnia and Herzegovina and 670 kilometers boundary line with Slovenia, 329 kilometer boundary line with Hungary and 241 kilometers boundary line with Serbia.

Map of Croatia

Beginning: [hypertext transfer protocol: //www. map-of-croatia. co. uk](http://www.map-of-croatia.co.uk)

Official Name: Republic of Croatia

Nationality: Croatian

Capital: Zagreb

Area: 56, 542 square kilometres (21, 831 square stat mis)

Language: Croatian

Currency: Kuna (HRK)

Location: Southeastern Europe, bordered by Bosnia and Herzegovina, Hungary, Serbia, Montenegro, and Slovenia with coastline on the Adriatic Sea

Population 4. 49 million (2010 estimation)

Density: 81/km²

Croatia 's seashore: 5835 kilometer long, has 1185 islands and islets, and extends from the north-west to the south-east.

Climate: Mediterranean and continental ; Continental climate predominant with hot summers and cold winters ; mild winters, dry summers along seashore

Natural resources: Petroleum, coal, bauxite, low class ion, Ca, silicon oxide, isinglass, salt and hydropower.

Natural jeopardy: destructive Earth temblors.

1. 2 Hrvatska

Following Global competitiveness study 2010-2011 GDP of Croatia was 63. 2 US \$ one million millions and ranks 63 out of 139 (Global fight study 2010-2011) . Croatia 's population was 4. 4 million (2009) and it rank 100 in the universe. With the low population, GDP per capita in Croatia is high with US \$ 14. 243 and is 44th place out of 139 states. GDP of Croatia is higher than Central and Eastern Europe from 1992 to 2009

Table 1: GDP per capita of Croatia

Beginning: the planetary fight study 2010-2011

GCI of Croatia rank in the center of the universe. Compare with some neighbours state such as Slovenia, Hungary and Bosnia & A ; Herzegovina, Croatia 's GCI is rather low. It is higher than Bosnia and Herzegovina but lower than Slovenia and Hungary. Croatia is in passage from 2 to 3 with many characteristic (Global fight index) .

Table 2: Croatia phase of development

Beginning: the planetary fight study 2010-2011

About Basic demands, efficiency foils and invention and edification factors of Croatia are from 4-5. The basic demands rank in the center but the fist pillar establishments is really low (86 out of 139) . Croatia 's substructure is good with 41th place in the universe. Macroeconomic environment is besides good. The highest mark is wellness and primary instruction with mark 6. 0 out of 7. It means that the authorities has encouraged wellness and instruction in Croatia. Efficiency foils are non high in 76th place while the 6th pillar-goods market efficiency and the 7th pillar- labour market efficiency are really low 110 and 113 severally. However, the market size, higher instruction and preparation and technological preparedness is high with rank 70, 56 and 39 out of 139 severally. Invention and edification factors including concern edification and invention are in the center in rank of the universe. It is non higher than neighbor state.

Besides, there are many debatable factors for making concern in Croatia. The most debatable factor is inefficient authorities bureaucratism with about 20 % of responses. The 2nd factors are revenue enhancement rates, revenue enhancement ordinances and corruptness from 13. 2 to 13. 8 % .

Table 3: the most debatable factors for making concern

Beginning: the planetary fight study 2010-2011

2. International trade theory

2. 1 The theory of state size

State size includes natural factors (dirts, minerals, location) and size of population that provides chances to treat stuffs and create market. Large states are disposed to hold greater assortment in clime and natural

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resources, doing them more self sufficient than smaller states. For merchandises, little states will be given to export more while the big states may be able to accomplish economic systems of graduated table merely by bring forthing for their domestic market.

2. 1. 1 Population

The population of Croatia addition somewhat in 2010, standing at 4. 49 million in 2010, and anticipating 0 % growing. It ranks 100 in the universe. The age construction of the population is ; 15. 6 per centum aged 1-14 old ages, 67. 5 per centum aged 15-64 old ages and 17 per centum aged 65 old ages and over (Croatia economic construction) . Croatia has little size of population but population denseness and distribution is uneven. The bulk of people (about 58 %) reside in urban countries and it will anticipate to 64 % of the population in 2015 although population denseness is merely 83. 5 people per square kilometre. Furthermore, the population is non equally dispersed because about a one-fourth of Croatians live in Zagreb capital and its suburbs while many Croatia 's islands and rural countries are really sparsely and bulk population is aged dwellers (Croatia population) . Like several other European states, Croatia is sing the job of really slow population growing and it have negative impact on the labour force. Population of Croatia is 4. 49 million but there are 1. 762 million in labour force (2011 estimation)

Table 4: labour force of Croatia

Beginning: CIA World Factbook

2. 1. 2 Climate

Croatia is divided into two prevailing climate parts -- Continental and Mediterranean. There are some fluctuations within those climate zones. As everywhere, Croatia's climate is determined by its geographics which is a mixture of mountains, fields, woods and a long littoral. The portion of Croatia that is best known and most visited by tourists is the Dalmatian seashore and its islands in the Adriatic Sea. This part has a Mediterranean type of climate with mild winters and warm, sometimes even hot and cheery summers. The seashore is backed by the high mountains of the Dinaric Alps - lifting up to 1800 m. Continental portion of Croatia, inland climatic conditions fleetly become more typically Eastern European with cold winters and warm summers. Summers in Continental Croatia collapsible shelter to acquire the wettest season excessively. Much of inland Croatia is cragged and hilly. Winters in Continental Croatia are full of snow that stands for long periods in the higher Croatian parts. As a consequence of diverseness in climate, agribusiness varies throughout the state's parts, influenced by regional climate. Agriculturally rich Lowlandss located in Croatia's northern portion are dominated by the cultivation of wheat, maize and helianthus harvests, while viniculture (the cultivation of grapes) , fruit-growing, and olive-farming are popular in the coastal part, with grazing land land common in the cragged countries. However, Croatia do non plenty agriculturally for export.

2. 1. 3 Minerals

Croatia has some strength in mineral such as oil, gas and metals. It is adequate to export fuels to the states in Eastern Europe. Besides, production of petroleum steel is estimated to hold increased by approximately 51 % in

2008 compared with production in 2007. It creates chances in exports of Croatia.

2. 2 The natural advantage.

Croatia is located South Europe with diverseness climate and rich minerals but the natural advantage of Croatia is location, natural beauty and history.

2. 2. 1 Location

Croatia is situated along major paths associating South Central Europe with the universe, and its conveyance services are of major importance to the state 's wellbeing so it aid Croatia has major income. Since the war, greater regional stableness has improved the state of affairs, and the building of a main road that will link the state 's southern part with its northern countries and the remainder of Europe will greatly lend to enlargement and farther betterment of service. Rijeka is the biggest and of import Croatia 's port. Despite the rough economic climate the Croatian ports sector continues to develop, with a figure of undertakings presently being realised. In August 2010 a new container terminus was opened at the port of Ploče, the state 's 2nd largest port by container throughput. (Croatia Shipping Report Q4 2010) . It creates more chances for Croatia in transporting and economic system.

2. 2. 2 Natural beauty and history

With long history, diverseness in civilization and natural beauty, Croatia have create a strong touristy industry. Croatia has several Unesco 's universe Heritage list including: old metropolis of Dubrovnik, historical composite of split with the castle of Diocletian, Plitvice lakes national park, Episcopal

composite of the Eupharasian Basilica in the Historic Centre of Porec, historic metropolis of Trogir, Stari Grad field. Many tourists visit to see the state's extended coastline and well-preserved coastal Renaissance towns. In 2005, Croatia attracts 10 million tourist visitors and in 2009 was 11.26 million tourists. The tourism industry for over 70% in GDP of Croatia and has 65% labour force in service industry.

3. The authorities' attitude to merchandise

Croatia changed significantly from 2000 after it has new authorities. The new authorities inherited a semi-isolated state. Croatia has a weak economic system and bad relations with other states. The authorities tried to concentrate on political and economic jobs which help to better the state's state of affairs. All sectors of the economic system and province disposal were downsized the big and dearly-won. Besides, the authorities have new policies to spread out relationships with other states. After a really short period of time, the state of affairs was improved significantly.

The first success of the authorities brought the state closer to WTO and the Euro-Atlantic community. It helps to alter the overall image of Croatia abroad.

The Republic of Croatia became the hundred-and-fortieth member of the World Trade Organization (WTO) on 30 November 2000. Since accession to WTO, the authorities have positive actions to make strengths in all sectors of the foreign policy. Croatia joined NATO and became a non-permanent member of the UN Security Council. The authorities developed good dealings with neighboring states and improved regional cooperation and international relations. Now,

Croatia is one of the upper middle-income and a full- mature market economic system. In the 21th century, Croatia has been a state whose growing and development is high (Trade policy of Croatia) .

Croatia applied for the EU rank since February 2003. In October 2005, the dialogue started. In 2009, Croatia finishes the concluding phase of accession dialogue. Croatia expect can complete all dialogue and become member of EU in 2013-2014.

Since fall ining WTO, Croatia continue articulation to CEFTA and gestural Free Trade Agreement with EFTA and Turkey severally. With the new understanding, Croatia can spread out the markets for export, investing and economic cooperation (Trade policy of Croatia) .

Today, Croatia has signed 43 international understandings in international trade and economic cooperation. The authorities wants these understandings help to better economic dealings with other states. Furthermore, Croatia 's authorities has concluded 57 bilateral investing pacts to make chance for foreign investing into Croatia.

The newest policy of authorities is using 50 understandings on turning away of dual revenue enhancement since 1 January 2010. Besides, the authorities has applied many economic policies to forestall negative tendencies and come back to the way of advancement (Trade policy of Croatia) .

The new Labor Law replaced the Law from 1996 to make more right for labour and better the quality of labour force. The authorities besides wants

to better labour follow sector to worsen the unemployment volume. (Croatia policy)

With societal, the authorities creates the safety with low offense and violent state of affairs is rare in Croatia. It creates the possible for foreign discoverer and chances to pull tourer.

4. The Forces of Globalization

There are many forces driving globalisation but the forces of globalisation which influence on Croatia are trade understandings and engineering.

4. 1 Trade understanding:

Before fall ining WTO, Croatia was a state which has weak economic system and was non hold relationship and cooperation with other state. Since articulation WTO with more trade understanding it impact to economic system, political and authorities attitude of Croatia. The assorted WTO understandings are basically contracts between members to maintain keeping just and unfastened trade policies (John. J. W, Kenneth. L. W and Jerry. C. H, pp11) . Croatia authorities has been applied many new policies to keeping just and expand cooperation with other state. The authorities besides has policies to make chances pull more discoverer and environment for domestic industry. Trade understanding open more opportunity for Croatia to make strength in the universe. It makes the economic system of Croatia develop really fast and go a upper milder income with high GDP per capita.

4.2 Technology invention:

Technology is one of the strengths of Croatia and it contributes to the development of industry and transportation in Croatia. Technology makes the import of industry addition and transporting brings high income for Croatia. Now, the authorities have undertaken to construct a big port to spread out transporting with newest engineering. Transport merchandise is one of the chief export merchandises of Croatia and it can be meet the standard demands of other states.

5. Recommend

With analysis above, Croatia is a good state for investing and good spouses for international trade. However, Croatia besides have some failing that need to get the better of to be more competitory in international status. Depend on fight with 12 pillars, Croatia need to better some pillars.

The first failing is labour market efficiency. Following the existent figure of population and labour Croatia has faced the deficit in labour market. Besides, the tendency of population is older so the authorities demands have some policies to import labour for domestic market. Bettering benefit for labour prevent the unemployment volume.

Goods market efficiency is besides the failing which need better. Although, touristry is the most of import industry, it is good developed in some industry includes: chemical, electronics, Fe and steel merchandises, paper, ship building, gas or nutrient and drinks. Croatia can concentrate investing to develop goods in these industries.

In add-on, Croatia continue to better strength like substructure, higher instruction and technological because it will make new market and quality labour in the hereafter.