



HRVATSKA NARODNA BANKA

EUROSUSTAV

Croatia's EU Accession Journey

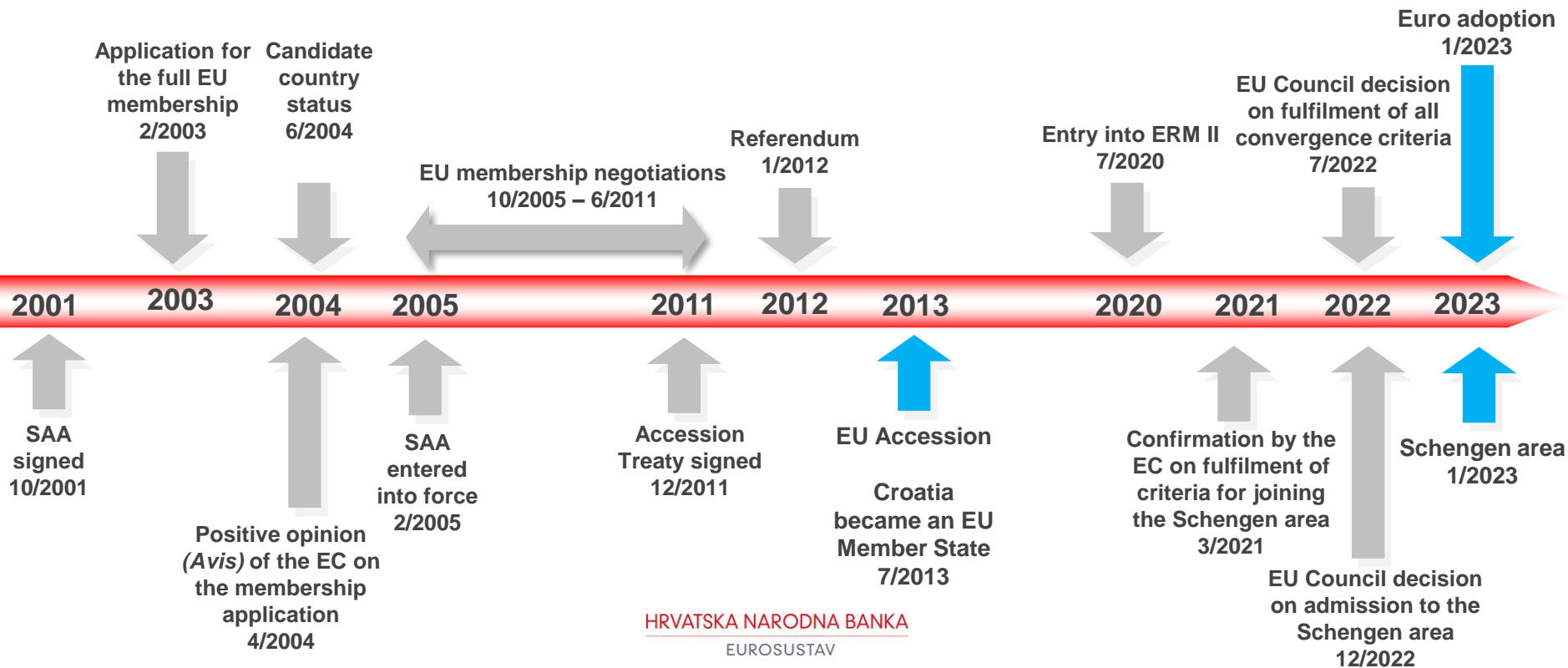
Boris Vujčić
Governor
Skopje, 19 July 2023



Overview

- European integration path of Croatia
- Croatia's EU accession negotiations
- Effects of the EU membership

European integration path of Croatia



Institutional setup for Croatia's EU accession negotiations ensured adequate involvement of all stakeholders, as well as wide (political) support

State Delegation

- Head - Minister of Foreign Affairs and European Integration
- Deputy Head of the State Delegation and Chief Negotiator
- Deputy Chief Negotiator
- Head of the Croatian Mission to the EC
- Secretary of the Negotiating Group

Coordination for Negotiations

- temporary interdepartmental working body of the Government
- discussed all issues related to the negotiations

Negotiating Group

- Chief Negotiator
- Deputy Chief Negotiator
- Members of Negotiating Group in charge of individual chapters (**35 working groups**)
- Head of the Croatian Mission to the EC
- Secretary of the Negotiating Group

National Committee

- special working body of the Croatian Parliament
- supervised negotiations
- gave opinions and guidelines
- representatives of: Croatian Parliament
Office of the President
Academics
Employers' associations
Trade unions

Croatia's EU accession negotiations differed from previous waves of enlargement in many aspects

- Croatia was a latecomer into the EU but the first country to join under the new negotiating framework
 - **different from the 5th wave of enlargement, both operationally and politically**
- **More demanding** – stricter negotiation rules
 - benchmarks (opening and closing) were introduced as a new negotiating instrument
- **Slower:** 5 years and 8 months
- First stage of the negotiation process (explanatory screening) – Croatia together with Turkey
- Bilateral issues were brought into the context of accession negotiations
- The EU experienced its own institutional crisis related to the introduction of the EU Constitution
- Croatia joined the EU at the time of a major overhaul of the EMU's economic and financial architecture

Process of Croatia's EU accession negotiations – key steps

1. **Screening** – analytical review/assessment of compliance of Croatian legislation with the *acquis*
 - 2 phases: explanatory (European Commission) and bilateral (Croatia)
 - for each chapter individually
 - duration depended on the volume and scope of the *acquis*
 - duration in total – 1 year
2. **Opening of negotiations** on a certain chapter (content phase of negotiations)
3. **Provisionally closing** of negotiations on a certain chapter
 - transitional periods if necessary
4. **Conclusion** of negotiations
 - EU Member States accepted 80 negotiating requests by Croatia
 - Croatia accepted 2 requests by EU Member States for transitional periods (Free movement of workers, Transport)
5. **Accession Treaty**
6. **EU membership**

35 chapters
21 192 pages
2 000 people
429 bodies

23 opening benchmarks
104 closing benchmarks
13 Intergovernmental conferences
5 EC Progress Reports

HNB had an active role in the EU accession process

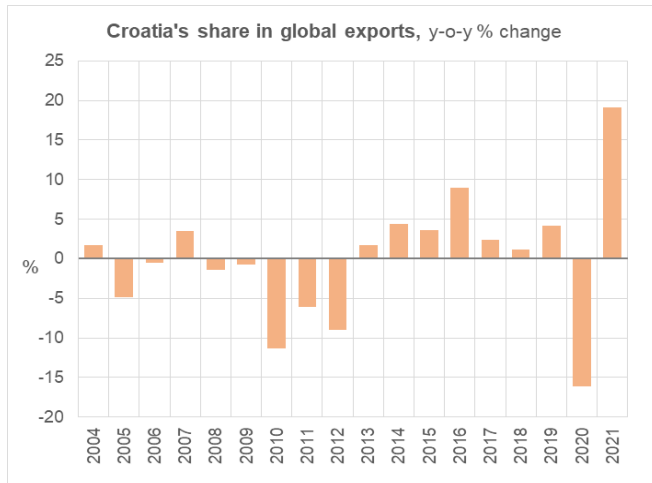
- HNB Deputy Governor was appointed Deputy Chief Negotiator of Croatia with the EU
- HNB Deputy Governor also negotiator responsible for three negotiation chapters - central bank was a leading institution:
 - Chapter 4 - Free movement of capital
 - Chapter 9 - Financial services
 - Chapter 17 - Economic and monetary policy
- HNB experts appointed heads of working groups for preparation of negotiations in these three chapters
- HNB was also a co-leading institution for Chapter 32 - Financial control
- A number of HNB experts were closely involved in preparation of negotiations also in other areas, being members of the working groups for chapters on Financial and budgetary provisions, Statistics, Customs union and Competition policy
 - in total, around 40 central bank experts participated
 - HNB was also present in Bruxelles by having a representative in the Mission of the Republic of Croatia to the EU

EU accession negotiations – key takeaways from Croatia's experience

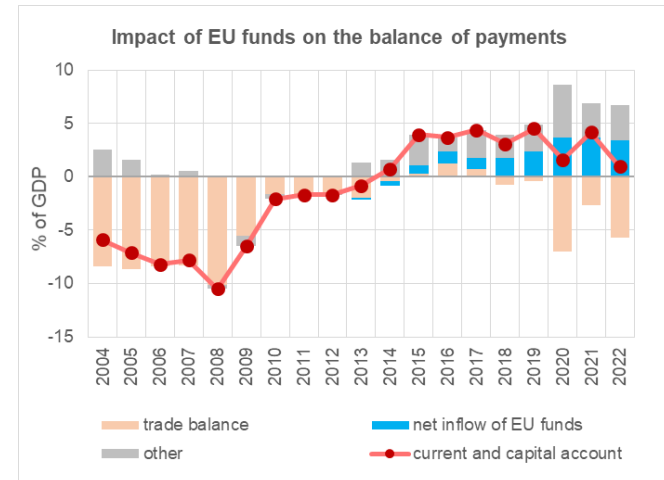
- ✓ High level of understanding of the EU *acquis* is a pre-requisite for successful work on harmonising with the EU standards
- ✓ Challenges stemming from having to adjust national legislation to a changing *acquis* ("moving target")
- ✓ Important to keep regular contacts, incl. technical meetings with the European Commission experts - to exchange information, give/receive clarifications or assistance in resolving questions regarding chapter requirements and necessary adjustments at the national level
- ✓ Politically sensitive issues (e.g. central bank independence) - important to achieve good understanding of the issue
- ✓ National ownership of the process and wider political support and commitment are essential

10 years after, benefits of the EU membership for Croatia are particularly visible in its improved competitiveness

- The removal of the remaining barriers to trade with EU Member States improved the competitive position of Croatian exporters, thus boosting exports
- A substantial net inflow of EU funds supports investment activity in both the private and public sector, while also contributing to a strong balance of payments position



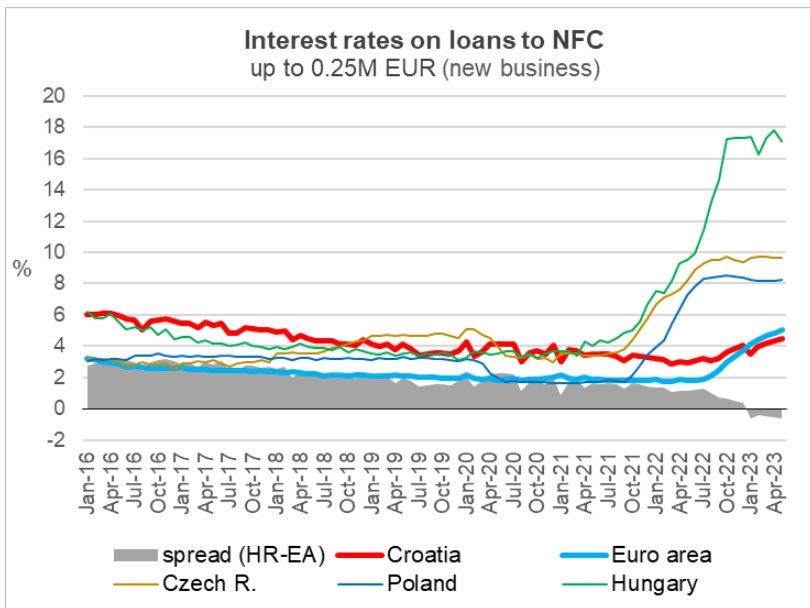
Source: CBS



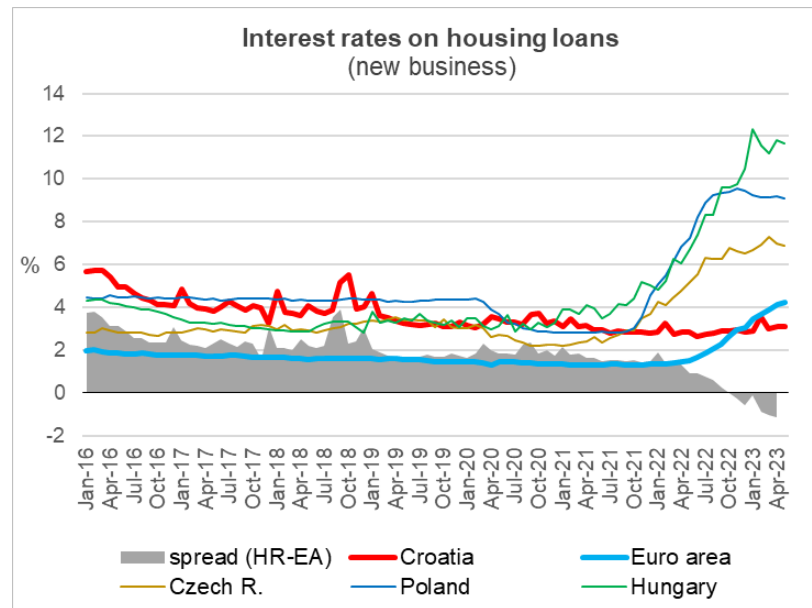
Source: HNB

The benefits of euro area membership are already being felt

- The private sector has already felt the positive effects of the euro on financing conditions



Source: ECB



Source: ECB

Thank you for your attention!