

Croatia: Main Economic Indicators, 1995-2001

	1995	1996	1997	1998	1999	2000	2001	
							Original Program	Revised Program
Real economy (percentage change)								
Real GDP	6.8	6.0	6.6	2.5	-0.4	3.7	4.0	4.0
Unemployment rate (average; percent of labor force) 1/	n.a	10.0	9.9	11.4	13.6	16.1	14.5	15.5
Retail prices (e.o.p.)	3.7	3.4	3.8	5.4	4.4	7.4	4.5	4.5
Gross national saving (percent of GDP)	9.9	16.1	18.2	17.2	19.4	21.9	22.0	23.4
Gross domestic investment (percent of GDP)	17.6	21.9	29.6	24.3	26.3	24.0	25.8	26.9
Public finance (percent of GDP)								
Consolidated central government (cash basis) 2/	-0.9	-0.4	-1.3	0.6	-2.0	-4.9	-0.8	-2.1
Consolidated central government (accrual basis)	...	...	-2.0	-3.0	-7.4	-5.7	-5.3	-5.2
Consolidated government debt (e.o.p) 3/	19.3	29.2	31.9	38.8	51.1	50.9	46.2	48.4
Money and credit (e.o.p.; percentage change)								
Broad money	40.4	49.1	37.6	13.0	-1.1	29.3	15.3	23.2
Credit to consolidated central government	-3.0	-3.4	-49.9	-2.7	59.9	12.0	0.0	-4.2
Other credit	18.9	3.1	44.1	22.4	-8.8	9.1	15.9	17.3
Interest rates (e.o.p.; percent)								
Average deposit rate	6.1	4.2	4.4	4.1	4.3	3.6	...	...
Average credit rate	22.3	18.5	14.1	16.1	13.5	10.5	...	...
Balance of payments (percent of GDP)								
Trade balance	-17.3	-18.2	-25.8	-19.2	-16.4	-16.8	-17.3	-19.7
Current account balance	-7.7	-5.5	-11.6	-7.1	-6.9	-2.1	-3.9	-3.6
External debt (e.o.p.)	20.8	23.2	31.9	40.3	44.5	53.1	50.4	50.1
Gross official reserves (US\$ million; e.o.p.)	1,895	2,314	2,539	2,816	3,025	3,525	3,663	4,090
Reserve cover (months of imports of goods and services)	2.4	2.8	2.7	3.2	3.7	4.4	4.3	4.6
Short-term debt (in percent of gross usable official reserves) 4/	31.6	40.7	45.6	75.1	78.6	67.6	75.7	66.9
Fund position (June 30, 2001)								
Holdings of currency (percent of quota)								130.2
Holdings of SDRs (percent of allocation)								226.4
Quota (SDR million)								365.1
Exchange rate								
Exchange rate regime								Other managed floating
Kuna per US\$ (July 31, 2001)								8.21719
Nominal effective rate (1995=100; p.a.)	100.0	100.3	101.0	100.3	94.7	94.6	...	...
Real effective rate (1995=100; p.a.)	100.0	99.3	99.6	101.2	97.1	99.3	...	...

Sources: Croatian authorities; Information Notice System; and IMF staff estimates.

1/ Labor Force Survey (based on ILO standards).

2/ National presentation, with privatization receipts above the line.

3/ Including arrears and publicly guaranteed debt.

4/ On a remaining maturity basis.

ATTACHMENT
ANNEX II

Croatia: Implementation of Quantitative Performance Criteria, January-June 2001

(In millions of kuna, unless indicated otherwise)

		End of					
		March	June				
1	Cumulative Deficit of the Consolidated Central Government 1/	program	3,500	3,850			
		actual	3,219	3,824			
		margin (+)	281	26			
2	Cumulative Increases in the Net Credit of the Banking System to the Consolidated Central Government 1/	program	-1,550	-2,300			
		actual	-756	-240			
		margin (+)	-794	-2,060			
3	Arrears of the Consolidated Central Government 1/	program	0	-1,500			
		actual	-457	-599			
		margin (+)	457	-901			
4	Cumulative Increases in the Net Credit of the Banking System to Selected Public Enterprises 1/	program	600	600			
		actual	251	-43			
		margin (+)	349	643			
5	Public and Publicly Guaranteed External Debt	program	500	100			
		a) Stock of Short-Term Debt 1/2/	<1 year	actual	394	366	
			margin (+)	106	-266		
			>1 year	program	1,250	1,300	
		b) Cumulative Increases in Nonconcessional Debt 1/ 2/	>1 year	actual	921	990	
			margin (+)	329	310		
			<5 years	program	250	250	
		6	Cumulative Increases in the Net Usable International Reserves of the Croatian National Bank 2/ 3/ 4/	<5 years	actual	192	205
				margin (+)	58	45	
				program	-125	-11	
		7	Cumulative Increases in the Net Domestic Assets of the Croatian National Bank 1/ 5/	actual	151	496	
				margin (+)	276	507	
program	197			1,086			
Memorandum item:	Central Government Wage Bill	actual	-1,680	-3,459			
		margin (+)	1,877	4,545			
		program	3,715	3,523			
		actual	3,709	3,753			
		margin (+)	6	-230			

1/ Ceiling.

2/ In millions of U.S. dollars.

3/ Floor.

4/ The program floor for June and beyond has been raised by \$122 million due to the distribution in June of the former SFRY's assets held at the BIS and reduced in the June quarter only by \$121 million due to the delayed privatization of HT (see Annex VII of MEFP).

5/ The program ceiling has been raised by HRK1,049 million in the June quarter only due to the delayed privatization of HT (see Annex VIII of MEFP)

Croatia: Monitoring the Implementation of the Program, July-December 2001

Prior action

- | | |
|--|------------------------------|
| 1. Parliamentary approval of eleven law amendments securing fiscal savings of at least 0.4 percent of GDP in 2001 and at least 1.0 percent of GDP on an annual basis and of a revised budget for 2001 securing a deficit of the consolidated central government of no more than 5.3 percent of GDP in 2001 in accordance with the program definition | SMEFP, Para. 11 and Annex IX |
|--|------------------------------|

Quantitative performance criteria

- | | |
|--|------------|
| 1. Consolidated central government | Annex IV |
| a) Quarterly limits on the cumulative deficit of the consolidated central government | |
| b) Quarterly limits on the cumulative increase in the net credit of the banking system to the consolidated central government | |
| c) Quarterly limits on arrears of the consolidated central government, with a sublimit on arrears that are overdue by more than 90 days | |
| 2. Public and publicly guaranteed debt | Annex V |
| a) Quarterly ceilings on the contracting and guaranteeing of nonconcessional external debt, with an original maturity of more than 1 year, with a subceiling on such debt with an original maturity of less than 5 years | |
| b) Quarterly ceilings on the stock of short-term external debt | |
| 3. Quarterly limits on net bank borrowing by 10 large public enterprises | Annex VI |
| 4. Quarterly floors under the net usable international reserves of the CNB | Annex VII |
| 5. Quarterly limits on the cumulative change of the net domestic assets of the CNB | Annex VIII |

Structural performance criterion

- | | |
|--|-----------------|
| 1. Reduce employment in the budgetary sphere by 10,000 | SMEFP, Para. 14 |
|--|-----------------|

Performance clauses

- | | |
|--|-------------------|
| 1. No new external payments arrears | MEFP, Para. 35 1/ |
| 2. No new, or intensification of existing, payments restrictions, multiple currency practices, and import restrictions | MEFP, Para. 35 1/ |

Structural benchmark

- | | |
|---|-------------------|
| 1. Make progress in restructuring and privatizing HEP and INA | MEFP, Para. 34 1/ |
|---|-------------------|
-