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Factsheet for case **HR-2020-12/361**

Support for preservation of jobs in sectors affected by coronavirus

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Country	Croatia, applies nationwide
Time period	Temporary, 20 March 2020 - 30 June 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Direct or indirect financial support
Case created	07 April 2020

Background Information

Croatia is highly dependable on tourism, which represent around 18-20% of its GDP. Therefore, the consequences of the coronavirus on Croatian economy should be seen primarily through this economic sector and its spill-over effects on the whole economy. Tourism is very sensitive to safety and health because if tourists do not feel safe, they do not travel. Due to the nature of the Croatian tourism where majority of the guests are coming by private booking with personal cars during the summer season in June and August, it is possible to achieve relatively decent results if the pandemic will last one month. However, if it will last for two months or more, there could be really harmful consequences for the Croatian tourism and the economy in total. It should be relatively easy to solve the economic consequences of a short duration of the disease. On the other hand, longer duration of pandemic problems in Croatia and in Italy, which is one of Croatian most important foreign trade partner and whose citizens traditionally present a significant part of overseas tourists in Croatia, could have seriously adverse outcomes for the Croatian economic growth. This measure is not exclusively related to tourism industry, but one can assess that this industry has been seriously negatively impacted by the crisis.

Content of measure

The support for preservation of jobs in sectors affected by coronavirus is implemented by the Croatian Employment Service by awarding grants as a form of co-financing of wage costs. The Croatian Employment Service (CES) awards grants to an eligible employer in the amount of HRK 3.250,00 (€ 434) per month for full-time worker and HRK 1.625,00 (€ 217) per month for part-time worker. CES also awards a proportional

part of the amount of HRK 3,250.00 or HRK 1,625.00 per worker for the time they did not work according to the decision of the Civil Protection Directorate. As mentioned earlier, the support can be provided to a) employers in the following activities: providing accommodation and preparation and serving of food and drinks (Sector I), transportation and storage (Sector H) and health tourism; labour-intensive activities within the manufacturing industry like textiles, clothing, footwear, leather, wood and furniture; b) Employers who have been banned from performing their business activities by decisions of the Civil Protection Headquarters (national, county, local self-government units) and cannot carry out their activities, and c) all other employers who can prove the adverse impact of special circumstances, if their income is reduced by more than 20%. Since 26 March 2020 all beneficiaries of grants for self-employment (owners and employees), employers who have been registered at the Croatian Pension Insurance Institute by 29 February 2020 and all workers employed until 29 February 2020 have also been included. The support cannot be granted if there has been a decrease in the number of employees in the period from 20 March 2020 until the date of submission of the Grant Application, if the percentage of dismissal is greater than: 40 % for employers employing up to 10 workers; 20 % for small businesses; 15 % for medium-sized enterprises and 10 % for large companies. At the end of March, at the CES were registered as users of such support around 65 thousand employers whose employed around 400 thousand workers. The mentioned amount of the grant - HRK 3,250 or HRK 1,625 per worker - is applied for March 2020, while for April and May 2020 it will be increased per worker monthly to HRK 4,000 (€ 534) for full-time job or HRK 2,625 (€ 267) for part-time job. The state will cover also payment of social contributions, which amounts to HRK 1,460 (€ 194) for a net wage of HRK 4,000. In total, the state will pay HRK 5,460 (€ 728) per employee.

Use of measure

A

Actors, target groups and funding

Actors	Target groups	Funding

Social partners

Role of social partners	N/A
Form of involvement	N/A

N/A

Sectors and occupations

This case is sector-specific.

Economic area	Sector (NACE level 2)
C - Manufacturing	C10 Manufacture of food products
	C11 Manufacture of beverages
	C13 Manufacture of textiles
	C15 Manufacture of leather and related products
	C22 Manufacture of rubber and plastic products
H - Transportation And Storage	H49 Land transport and transport via pipelines
	H50 Water transport
	H51 Air transport
	H52 Warehousing and support activities for transportation
I - Accommodation And Food Service Activities	I55 Accommodation
	I56 Food and beverage service activities

This case is not occupation-specific.

Sources

- 12 March 2020: Donesene Mjere za očuvanje radnih mjesta uzrokovanih posebnim okolnostima uvjetovanih koronavirusom COVID – 19 (www.hzz.hr)
- 02 April 2020: Prijedlog zaključka o drugoj skupini mjera za pomoć gospodarstvu uslijed epidemije koronavirusa (vlada.gov.hr)