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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	Employment protection and retention – Income support for people in employment (e.g. short-time work)
Case created	07 April 2020 (updated 30 April 2020)

Background information

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 the coronavirus 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, a longer duration of the pandemic situation 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.

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; 1
- 5 % for medium-sized enterprises and
- 10 % for large companies.

The aforementioned 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 also 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

At the end of March, around 65,000 employers with around 400,000 thousand workers were registered as users of the scheme at the CES. At the end of April, the government has paid more than one and a half billion HRK (EURO 200 million) to preserve jobs for around 485,000 employees. Almost 84,000 employers have received support, including 145 large entrepreneurs.

The main criterion for assistance was a 20 percent drop in turnover. Leading recipients of the grants are big touristic company Valamar Riviera with more than 2,500 employees who have been paid more than eight million HRK (EURO 1.07 million) followed by Boxmark Leather with more than 2,000 employees, Mlinar with 1,737 employees, a car parts manufacturer from Solin AD Plastik with more than 1,500 employees. Of all beneficiaries of the grant 91,78% are micro firms with less than 10 employees, 6,99% are SME with less

than 50 employees, 1.06% are medium employers with less than 250 employees, 0.03% are bigger employers with more than 250 employees.

Actors, target groups and funding

Actors	Target groups	Funding
National government Public employment service	Employees All companies	National funds

Social partners

Role of social partners	Informed
Form of involvement	Bi-or tripartite social dialogue bodies

Trade Unions demanded that the recipients of the aid should be publicly disclosed because they fear that abuse of the obtained funds is quite possible. These data are partly now available on <https://mjera-orm.hzz.hr/korisnici-potpore/statistika-ozujak-2020/>.

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)
- 06 April 2020: Statistika korisnika potpore očuvanje radnih mjesta - ožujak 2020. (mjera-orm.hzz.hr)