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2030 National Development Strategy of the Republic of Croatia. Deepening integration with the EU

On February 5, 2021, the Croatian Parliament adopted the 2030 National Development Strategy for the Republic of Croatia. The strategy was adopted after many years of waiting for a document that would indicate the strategic directions of Croatia's development in the medium and long term. It contains only general points of reference without giving any specific solutions. Its adoption means strengthening „European” themes in the public debate. As such, it is also an argument in the dialogue with Brussels on the disposition of funds from the EU budget.

In the autumn of 2017, the government of Croatia started to develop a strategic umbrella document which was intended to set the direction for economic, social, and regional development of Croatia for the coming decade. The Ministry of Regional Development and EU Funds entrusted the World Bank with work on a strategy under a project worth almost EUR 5 million. The result of this work, the National Development Strategy of the Republic of Croatia until 2030 (Nacionalna razvojna strategija Republike Hrvatske do 2030 godine, NDS), establishes a strategic framework for a number of other planning documents and processes in a more detailed manner, including those related to regional and local development, such as county development strategies, general development plans, urban development strategies, and plans related to the use of EU funds, among them operational programs and recovery plans. Although remaining largely general in its recommendations, the adopted Strategy has significant value for Croatian authorities regardless of whether and to what extent it is implemented: it gives the Croatian government quite a lot of freedom in interpreting and using the document in its work; it gives the issues addressed in the Strategy (regional and socio-economic development, as well as European integration) the importance of national security; it recognizes the correlation between Croatian goals and those set by the European Union; and it serves to advance economic and institutional reforms aimed at Croatia's accession to the Euro area.

Instrumentalization of the Strategy. The National Development Strategy shows four directions of development (sustainable economy and society, strengthening resilience in crises, ecological and digital transformation, and sustainable regional development) and 13 strategic goals, but also 23 performance indicators. However, there are no specific action plans. Only general goals are set, and they can be easily interpreted in multiple ways. They allow for a broad interpretation of the provisions of the strategy, subordinating them to the activities of the administration or directing of investments. For example, with regard to public policy, the aim is to support the development of a circular economy, encourage investment in research, technological development, and innovation; encourage cooperation between business and the research sector; improve the business environment and quality of management in the public sector; and finally encourage the modernization and decarbonisation of energy-intensive industries. Such a general definition of priorities only in these areas (and there are thirteen of them) makes it possible to subordinate them to the particular interests of Andrej Plenkovic's government, and not the other way round. The document can therefore be treated instrumentally and not constitutively.

Securitization of economic development. The direct impetus for the adoption of the National Development Strategy is the Covid-19 pandemic, which, according to the authors of the Strategy, "caused the greatest global health threat since World War I, the greatest economic recession since World War II and the greatest crisis in Croatia since the War of Independence in the 90's. Due to the threat to human health and the unforeseen consequences for the world economy, the pandemic and the global economic crisis have become the main topics of social, economic and political development in every country, including Croatia. Moreover, the crisis prompted reflection on possible changes that in the coming years will have a significant impact on the world's economies and societies, including those related to the role of the state and institutions, international cooperation, industrial policy, and the self-sufficiency of certain industries (e.g. food, energy, medicines, etc.) and regionalization of supply chains" (p. 5). Logically, in terms of national security, the Croatian government emphasizes the importance of economic and

social development. As a consequence, the authorities will be able to use the national security argument, for example, to avoid a debate on the legitimacy and economic effectiveness of individual legislative proposals or political plans. This applies in particular to shortening the supply chains or energy security, but also to the entry of Croatia to the Euro area planned by the current authorities.

New quality. By adopting the Strategy, the Croatian authorities are also introducing issues to the public discourse, conditioning the country's development and international position in the strategic dimension, which will have a positive impact on the image of the Croatian authorities at home and abroad. The Strategy addresses those issues that are of interest to European institutions and, as such, constitutes an important element of dialogue within the European Union. Such topics as "ecological and energy transformation", "sustainable development", "healthy, active and high-quality life", "competitive and innovative economy" or "global recognition and strengthening of the international position and role of Croatia" are likely to strengthen the conviction of the citizens of the republic that the government of Andrej Plenkovic not only cares about their welfare and that of the state, but also does so in accordance with the European spirit of change that is based on green transition and sustainable development. The adoption of the Strategy is also a tribute to European institutions. Transferring European funds will be easier on the basis of the strategic document. The NDS is therefore a marker of a new quality in the communication of the Croatian authorities on the domestic political scene as well as in international relations, including, in particular, the forum of the European Union.

Liberalization of the economy. The National Development Strategy has been coordinated with plans for further liberalization of the economy and integration of the Republic of Croatia with the euro area. According to the announcement of the Strategy, effective macroeconomic and fiscal policies will be conducted to ensure a predictable framework for business planning and management. This will enable the implementation of policies and activities aimed at increasing growth and creating reserves for a timely and sufficiently strong stabilization response in times of cyclical slowdowns and growth crises (p. 29). In practice, such formulation means the continuation of a budget cuts policy, including the fight against overgrown administration and increasing the economic efficiency of numerous state-owned companies. As such, the strategy aligns with Croatia's Euro adoption policy as its official currency. However, public spending resulting from the need to repair the damage of the COVID-19 pandemic (around EUR 4 billion, assuming that restrictions will be lifted by spring this year), the Zagreb earthquake (around EUR 7 billion), and another one in central Croatia (losses are not yet estimated).

Conclusions. The adoption of the National Development Strategy provides Croatian authorities with a strategic point of reference. Although it is not, paradoxically, legally binding, it provides an important argument for the government's action in specific areas of domestic and international policy. It also directs public debate, devoting more attention to topics that dominate the debate on the forum of EU institutions and Western European countries. The most important of these topics for the current government of Andrej Plenkovic will be the green transformation of the economy and entry to the euro area. The direction set by the new strategy leads to the conclusion that Croatia aims to deepen economic integration within the European Union.