

# Daily Brief

Coronavirus Coverage in Croatia

March 17, 2020



At this session on Tuesday, the Croatian Government presented a package of 63 measures, with some of them requiring legal changes, which will be put into an urgent procedure and adopted on Friday.

Below is a provisional translation of the measures.

NOTE: PROVISIONAL TRANSLATION

<b>I. MINISTRY FINANCE</b>	
1.	Delay and/or instalment repayment of public/fiscal obligations.
2.	Interest-free loans to municipalities, cities and counties, Croatian Health Insurance Institute (HZZO) and Croatian Pension Insurance Institute (HZMO), totalling up to the amount of income tax, surtax, and mandatory obligations which payment has been deferred and/or approved to be paid in instalment.
<b>Croatian Bank for Reconstruction and Development (HBOR)</b>	
3.	The introduction of a moratorium on the credit obligations of the existing clients.
4.	Reprogramming of existing HBOR's client's loans. The introduction of a grace period in repayment of the loan principal.
5.	The approval of the new liquidity loans to economic entities, aimed at financing wages, overheads and other basic operating expenses (excluding credit obligations to commercial banks and other financial institutions) in cooperation with commercial banks.
6.	The approval of guarantees (insurance policies) to commercial banks supporting exporters and HBOR, under the Export Guarantee Fund, with the aim of granting new loans for the working capital - liquidity.
7.	Increasing the scope of the Export Guarantee Fund by including the tourism sector, with the aim of enabling the issuance of bank guarantees (insurance policies) for commercial banks and HBOR loans, aimed at securing additional liquidity of exporters and the tourism sector.
8.	Increasing the scope of the Export Guarantee Fund by extending the range of eligible beneficiaries of export and tourism insurance policies. A new scope would include economic entities that are indirect exporters or are suppliers of direct exporters.
<b>Commercial banks - support measures</b>	
9.	Introduction of the <i>standstill</i> arrangements, i.e., suspension of enforced collections against all debtors (legal entities and natural persons) for a three months period.
10.	Liquidity and working capital credit lines (liabilities to financial institutions excluded), with maturity up to three-years.
11.	Accelerated loan rescheduling process for designated clients, without new reclassification to 'default'.

<b>II. MINISTRY OF REGIONAL DEVELOPMENT AND EU FUNDS</b>	
12.	The increase in the allocation of the 'ESIF Micro Loans' financial instrument, aimed at supporting working capital of micro and small enterprises (EUR 1000-25000, 12 months grace period, reduction of interest rates to 0.5% - 0.75% - 1.0%, depending on the development index). The measure is implemented by HAMAG-BICRO (Croatian Agency for SMEs, Innovations and Investments).
13.	The reduction of interest rates on 'ESIF Micro and Small Loans' investment loans, from 30% of working capital to 0.1% -0.25% -0.5%, depending on the development index. The measure is implemented by HAMAG-BICRO (Croatian Agency for SMEs, Innovations and Investments).
14.	The increase of the maximum guarantee rates for 'ESIF individual guarantees' working capital loans, from 65% to 80% of the principal (guarantee amounting EUR 150,000-1,000,000). The measure is implemented by HAMAG-BICRO through 17 financial institutions.
15.	The unconditional 90-days extension of projects with March, April and May 2020 end-date as well as repayment obligations in March, April and May for all projects co-funded by the Competitiveness and Cohesion Operational Program that are being implemented.
16.	The confirmation of 75% of the claimed expenditure from the Operational Program Competitiveness and Cohesion, through Payment Request. Remaining 25% percent will be claimed after the control of expenditures in the relevant procurement of works/ goods and/or services, and upon the adoption of Non-existence of Irregularities Decision.
17.	The establishment of a new financial instrument "COVID-19 loans" for SMEs working capital.
<b>III. MINISTRY OF LABOUR AND PENSION SYSTEM</b>	
18.	State aid for preserving jobs in coronavirus-affected sectors.
19.	Provisional measure of suspending state aid for self-employment and employment in order to secure additional funding for job retention in coronavirus-affected sectors.
20.	The prolonged duration of the permanent seasonal worker measure.
21.	Ensuring payment of minimum wage for persons with disabilities to retain their employment.
22.	Deferment of payment of financial compensation for all employers with quota for employment of persons with disabilities.
23.	Allowing EU aid beneficiaries, the possibility of suspending or delaying project implementation, delaying payment of reimbursements, and taking into account the reduced implementation of planned project indicators due to the new circumstances.
24.	Unconditional extension of the duration of the project for three months – for all projects co-financed by the Operational Programme Efficient Human Resources which are being implemented and have March, April and May 2020 completion deadline.
25.	Confirmation of 75% of the claimed expenditure from the Operational Program Efficient Human Resources through the Payment Request and the other 25% after the expenditures control in the respective procurement of work/goods and/or services and deciding on the (non)existence of irregularities as a basis for retention of 25% of the amount.
<b>IV. MINISTRY OF ECONOMY, ENTREPRENEURSHIP AND CRAFTS</b>	

26.	Introduction of an additional grace period for the obligation to preserve jobs, without losing the right to support measures related to the execution of investment projects implemented in accordance with the Investment Promotion Act.
27.	Possibility of state intervention purchase of surpluses in: <ul style="list-style-type: none"> <li>• livestock production, confection and processing into durable and semi-durable food products (canned meat or deep freezing and storing)</li> <li>• crop production, storage and processing into semi-durable food products (vegetable oils, sugars, flour, etc.),</li> <li>• fruit and vegetables, storage in conditioned warehouses and processing into semi-durable food products and fruit drinks (juices, jams, canned fruits and vegetables, etc.).</li> </ul>
28.	Intervention purchases of: <ul style="list-style-type: none"> <li>• disinfectants, washing soaps and detergents, indoor disinfectants for hospitals and other facilities, and protective equipment to combat coronavirus,</li> <li>• other products by potentially vulnerable industrial and agricultural producers, and their inclusion in the Balance Sheet of Strategic Commodities.</li> </ul>
29.	Procurement of seed products for agricultural production in case of shortage, in accordance with the request of the Ministry of Agriculture
<b>Croatian Agency for SMEs, Innovations and Investments (HAMAG-BICRO)</b>	
30.	Moratorium on all instalments of ESIF Micro and Small Loans and Micro and Small Rural Development Loans by 31 December 2020 and the extended repayment/repayment period of the guaranteed loans.
31.	Establishing new financial instrument Micro loan for rural development for working capital (faster processing, grace period, lower interest rate).
32.	Counter-guarantees for 50% of principal amount for working capital of loan for tourism (interest rate 0,5%-0,75%-1,0%).
<b>V. MINISTRY OF TOURISM</b>	
33.	Delay of paying tourism fee for economic entities and private renters.
34.	Delay of paying tourism charge for private renters (flat-rate).
35.	Working hours restrictions for hospitality facilities.
36.	State aid for programs of financing working capital and enhancement of liquidity for endangered tourism businesses.
37.	Postponement of paying charges for using concession on tourist land in camps.
<b>VI. MINISTRY OF AGRICULTURE</b>	
38.	Implementation of additional flexibility mechanism among funds for increase in production-related payments or introduction of emergency measurements (Agriculture program) with prior authorisation of European Commission
39.	State aid for agriculture sector due to traffic limitations and manipulative expenses growth (proposal of new state aid and de minimis aid program).
40.	Financing of temporarily fishery suspension with prior authorisation of European Commission.
41.	Increase of funds for <i>de minimis</i> state aid for fishery and maricultural sector.
42.	Financing of packaging for fishery products with prior authorisation of European Commission.

43.	Postponement of payment due date for obligation toward Hrvatske šume LLC (Croatian Forests) for wood assortments - wood processing and furniture production.
44.	Postponement of due date for contract obligations execution to users of all investment measures of Rural development program.
45.	Postponement of due date for contract obligations execution connected to de minimis state aid 2019 - wood processing and furniture production.
46.	Establishing credit lines for working capital for agriculture, forestry and wood processing sector.
47.	Postponement of rental payments and concession fees for agriculture land owned by Republic of Croatia
48.	Postponement of paying fees for concessions and berth in fishery.
<b>VII. MINISTRY OF CULTURE</b>	
49.	State aid for independent (freelance) artists, self-employed and private and legal entities in artistic and creative industries.
50.	Postponement of obligation fulfilment toward Ministry of culture, Croatian audio-visual centre and <i>Kultura nova</i> Foundation for private and legal entities in the segment of culture for programs realization.
51.	Recognition of organizational expenses of approved projects in culture cancelled due to COVID-19 epidemic.
52.	Securing assets for private and legal entities in the segment of culture for the extended period of preparatory activities for approved projects in culture.
53.	The suspension of the independent artists' status revisions for a six months period.
54.	The allocation of funds from the Media Pluralism Promotion Fund for 2020, with the possibility of conversion of the Fund's work on the topic of public informing on the coronavirus epidemic.
<b>VIII. MINISTRY OF THE SEA, TRANSPORT AND INFRASTRUCTURE</b>	
55.	Derogation from universal service obligations, due to inability to comply with the Postal Services Act.
56.	Suspension of collection of fees for extraordinary transports on public roads, until 1 June 2020.
57.	Alteration of the prescribed length of motorway patrol sections, allowing motorway patrols to patrol once in 12 hours, every day of the week (fewer patrols).
58.	Temporary suspension of seasonal 10-percent increase of tolls for vehicles group IA, group I and II, from June 15 to 15 September.
59.	Temporary extension of the seasonal 'winter' ENC (electronic payment of toll) discount (ending March 31), until June 1, 2020.
60.	Additional 7-percent discount on EURO VI vehicles, for vehicle groups III and IV, using ENC (electronic payment of toll) with postponed payment with credit/oil card throughout year
61.	Delayed application of the new Regulation Equipment Requirements for Small Boats, Boats and Yachts
62.	Temporary extension of the validity of certificates and other documents in international and national navigation.
63.	Recommendation to port authorities to delay the payment of a fixed part of concession fees, as well as operational fees at ports open to public traffic.