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ANNUAL NON-FINANCIAL SECTOR ACCOUNTS OF TOTAL ECONOMY AND REST OF THE WORLD, 2022 – 2023

Total economy (S.1)

In 2022, the total economy reached a deficit of 621.6 million euro, which was a decrease compared to 2021, when the economy recorded a surplus of 1.7 billion euro. More than half of the value added of the economy (58.8%) was generated by the non-financial corporations sector. It was followed by the households sector (S.14), with a share of 18.0%, general government sector (S.13), with a share of 17.5%, and the financial corporations sector (S.12), which generated 4.6% of the gross value added in 2022.

The deficit in trade reached 4.2 billion euro in 2022, which was a significant increase compared to 2021. The increase in the imports of goods and services was higher (+45.0%) than the increase in the exports of goods and services (+38.5%).

In 2023, the deficit in trade with the rest of the world sector amounted to 1.43 billion euro or 1.8% of GDP, which was a decrease compared to 2022. The increase in the exports of goods and services was higher than the increase in the imports of goods and services.

Non-financial corporations sector (S.11)

In 2022, the non-financial corporations sector generated a deficit of 372.9 million euro or 0.6% of GDP, which was a decrease compared to 2021, when a surplus of 2.05 billion euro or 3.5% of GDP was realized. The gross investment rate of non-financial corporations (share of gross fixed capital formation in gross value added) increased in 2022 to 24.9%, but was still above the EU-27 average (23.1%) and the euro area average (22.6%). This ratio connects the investments of non-financial corporations in fixed assets (buildings, machinery and other) with the value added generated in the production process. The investment activity of the non-financial corporations increased significantly in 2022.

Financial corporations sector (S.12)

In 2022, the financial corporations sector generated a deficit of 186.1 million euro or 0.3% of GDP and was reduced compared to 2021. At the same time, according to provisional data, it had a surplus of 463.4 million euro in 2023.

General government sector (S.13)

In 2022, the general government sector generated a surplus of 94.6 million euro, which was 0.1% of Croatia's GDP, while in 2021, the deficit amounted to 1.48 billion euro or 2.6% of GDP.

Compared to 2021, government revenue increased (+14.6%), and expenditure increased as well (+8.1%).

In 2022, taxes on production and import were collected in the amount of 12.94 billion euro, which was an increase of as much as 13.4% compared to 2021. Current taxes on income and wealth were collected in the amount of 4.9 billion euro, which was 38.1% more than in 2021, mostly due to the increase in income tax (+44.5%), which is its largest component, and the increase in profit tax.

Households sector (S.14) and Non-profit institutions serving households (NPISH) sector (S.15)

The gross disposable income amounted to 41.05 billion euro and increased by 13.2%. The largest share in the disposable income belonged to compensations of employees, that is, earnings. Household consumption increased by as much as 18.3% in 2022 compared to 2021. In 2022, the households sector together with the NPISH sector generated a deficit of 157.3 million euro or 0.2% of GDP.

The growth of gross fixed capital formation of households and NPISH in 2022 amounted to 15.2%, which ultimately led to an increase in the gross investment rate in 2022 to 7.46%. The gross investment rate of households and NPISH in Croatia in 2023 was 7.54%.

The household sector and the NPISH sector increased consumption by 12.0% in 2023, and gross disposable income also increased by 14.3%.

Gross national income 16.0% higher in 2022 than in the previous year, while in 2023 it increased by 15.6%

The gross national income is an important aggregate of national accounts, which is also used to determine how much the Republic of Croatia will contribute to the EU budget. In 2022, the gross national income (GNI) amounted to 67.02 billion euro, which is 16.0% more than in 2021. In 2023, the gross national income increased by 15.6% compared to 2022, amounting to 77.46 billion euro.

The elements of the revision are the result of the ESA 2010 cycle of national accounts data quality control conducted by Eurostat from 2020 to 2024.

The explanations of the elements of the revision of national accounts can be found in more detail at the following link: NR-2024-2-2 Annual Gross Domestic Product, 1995 – 2023.

The correction of daily allowances for business trip had an impact on the growth on the compensation of employees of the non-financial corporations sector (S.11) and the households sector (S.14) and the reduction of intermediate consumption. At the same time, the revision of the calculation of tradesmen influenced the increase of output, intermediate consumption and added value of the households sector, which includes tradesmen.

The revision also occurred as a result of the revision of data in sector S.13 (on the following link: NR-2024-4-1/2 Excessive Deficit Procedure Report, Republic of Croatia, October 2024.

Data in kuna and euro can be found in the PC-AXIS database.

1 BALANCING ITEMS BY SECTORS, 2019 – 2023

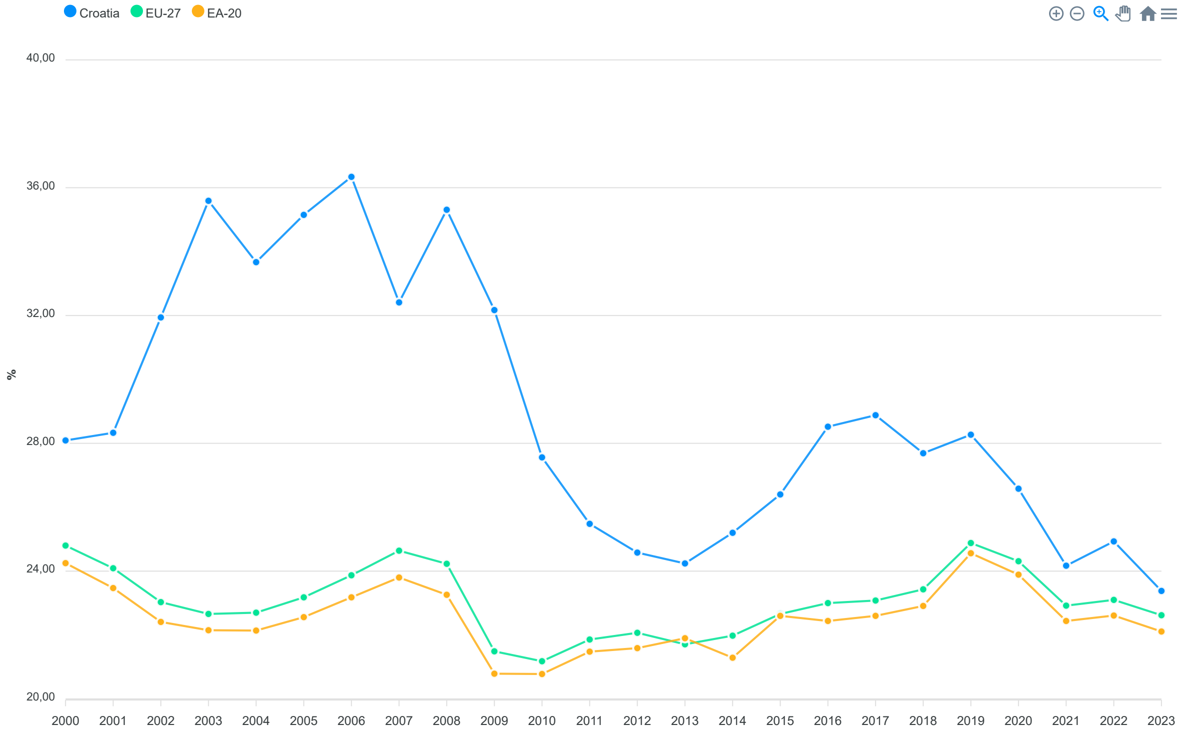
Mln euro

	2019	2020	2021	2022	2023[1]
Households and NPISHs					
Gross value added	8 845	8 357	9 820	10 723	12 388
Gross disposable income	33 070	33 444	36 264	41 055	46 938
Gross saving	3 149	4 894	3 711	2 525	3 826
Net lending (+)/net borrowing (–)	1 493	3 206	1 423	-157	804
Non-financial corporations					
Gross value added	25 080	22 585	26 136	33 115	38 474
Gross disposable income	7 016	6 812	8 142	9 198	10 665
Gross saving	7 016	6 812	8 142	9 198	10 665
Net lending (+)/net borrowing (–)	331	614	2 054	-373	2 243
Financial corporations					
Gross value added	2 647	2 356	2 597	2 600	2 990
Gross disposable income	1 716	1 571	1 221	1 597	2 604
Gross saving	480	407	0	209	1 022
Net lending (+)/net borrowing (–)	190	147	-289	-186	463
General government					
Gross value added	8 232	8 703	9 288	9 869	11 272
Gross disposable income	14 545	11 652	14 570	17 642	19 860
Gross saving	2 634	-974	1 111	3 367	3 246
Net lending (+)/net borrowing (–)	124	-3 670	-1 489	95	-667

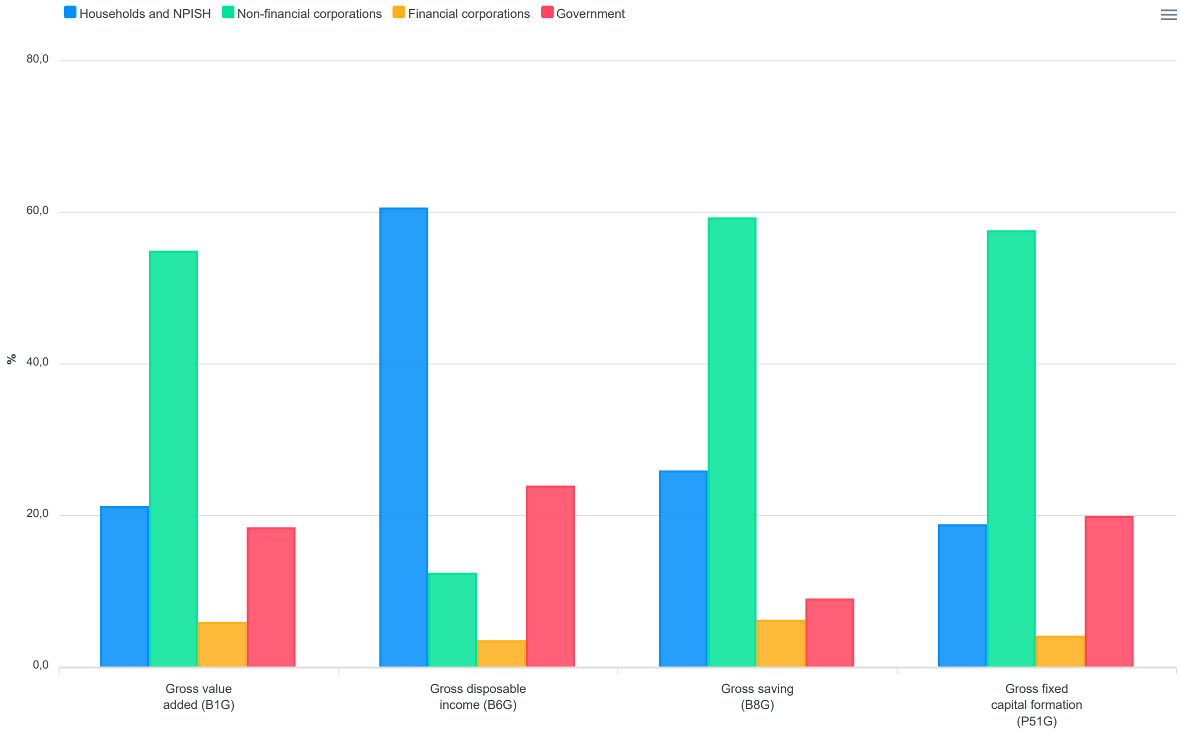
1) The data for 2023 are provisional.

G-1 NET LENDING (+)/NET BORROWING (–), 2019 – 2023

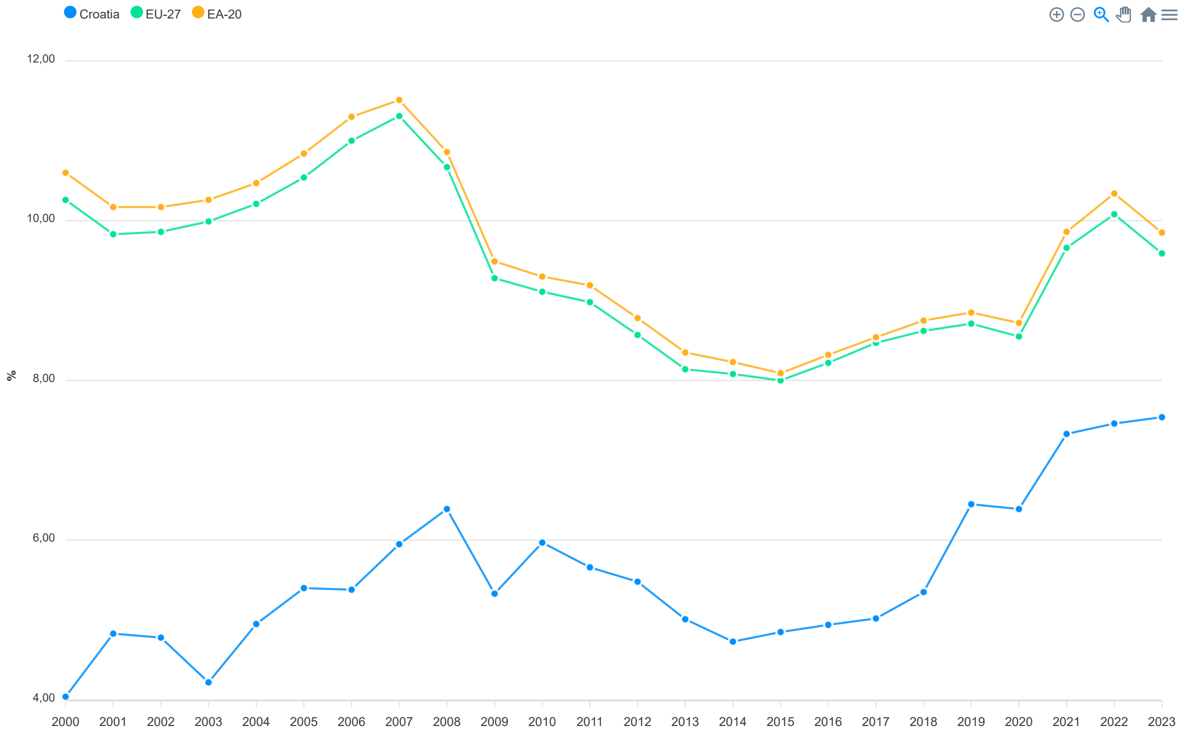
G-2 GROSS INVESTMENT RATE OF NON-FINANCIAL CORPORATIONS (S.11), 2000 – 2023



G-3 SHARE OF SECTORS IN MAIN AGGREGATES, 2010 – 2023 AVERAGE



G-4 GROSS HOUSEHOLD INVESTMENT RATE (S1M), 2000 – 2023



NOTES ON METHODOLOGY

Sources and methods of data collection

Data sources for the annual calculation of non-financial sector accounts are the data of national accounts, annual financial statements of entrepreneurs, annual financial statements of credit institutions, annual financial statement of the Central Depository and Clearing Company, annual financial statement of the Croatian Pension Insurance Company, annual financial statements of insurance and reinsurance companies, annual financial statements of credit unions, annual financial statements of representation companies and insurance and reinsurance intermediation companies, annual financial statements of leasing companies, annual financial statements of pension companies, annual financial statements of investment companies, annual financial statements of UCITS fund management companies (open investment funds), annual financial statements of alternative investment funds, annual financial statements of factoring companies, CNB – Balance of Payments, Croatian Financial Services Supervisory Agency – complete annual reports on pension funds and insurance companies, management fees, annual financial statements of UCITS funds, Regos – data on second pillar contributions and payments to successors, RMOD – Raiffeisen Pension Insurance Company, HRMOD – Croatian Pension Insurance Company, Croatian Bureau of Statistics: data from economic accounts of agriculture and forestry, INV-P survey, Ministry of Finance − annual financial statements of the budget and budget users, and annual financial statements of non-profit institutions.

Coverage

The calculation covers all categories following the concept of the System of National Accounts (SNA 2008) and the European System of Accounts (ESA 2010). The sectoral classification is based on the European sectoral classification defined in the European System of Accounts (ESA 2010). This classification is in accordance with the international sectoral classification defined in the System of National Accounts (SNA 2008).

Definitions

Non-financial sector accounts are part of the national accounts system, which provides a description of the economy in general and transactions between persons, businesses and institutions. National accounts also include transactions between the Republic of Croatia and the rest of the world. Coherent annual time series have been available since 2000.

Sector non-financial accounts provide an overview of the activities and development of the Croatian economy and contain key indicators, such as gross value added (GVA), consumption, investments, exports and imports, earnings and income from assets, and profits in six major sectors.

The grouping of institutional units is carried out on the basis of their basic functions, behaviours and objectives for which they are established. These groups are called institutional sectors or, shorter, sectors. Each institutional unit belongs to only one sector, and each sector is divided into sub-sectors according to the criteria relevant to that sector. The basic division includes the following sectors:

- Total economy (S.1)

- Non-financial corporations (S.11)

- Financial corporations (S.12)

- General government (S.13)

- Households (S.14)

- Non-profit institutions serving households (NPISH) (S.15)

- Rest of the world (S.2).

Total economy (S.1) is defined as an entire set of the resident institutional units grouped into five institutional sectors (non-financial corporations, financial corporations, general government, households and non-profit institutions serving households (NPISH)).

The non-financial corporations sector (S.11) consists of institutional units that are dependent legal entities and market producers, and whose principal activity is the production of goods and non-financial services.

The financial corporations sector (S.12) consists of institutional units that are independent legal entities and market producers, whose principal activity is the production of financial services. Such institutional units comprise all corporations that are principally engaged in financial intermediation and auxiliary financial activities.

The general government sector (S.13) consists of institutional units that are non-market producers, whose output is intended for individual and collective consumption. They are financed by compulsory payments made by units belonging to other sectors and institutional units principally engaged in the redistribution of national income and wealth.

The households sector (S.14) consists of individuals or groups of individuals, such as consumers and entrepreneurs producing market goods and non-financial and financial services (market producers). Households as consumers may be defined as small groups of persons who share the same living accommodation, who pool their income and wealth and who consume certain types of goods and services collectively, mainly housing and food. Households as entrepreneurs are sole proprietorships and partnerships without legal status, which are considered market producers.

The non-profit institutions serving households (NPISH) sector (S.15) consists of non-profit institutions that are separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by the general government and from property income. Examples of NPISH are trade unions, professional societies or clubs, political parties, religious societies, cultural societies, sports clubs, charities, etc.

The rest of the world sector (S.2) consists of non-resident units that are engaged in transactions with resident institutional units or have other economic links with resident units. Its accounts provide a general overview of the economic relationships between the national economy and the rest of the world. The institutions of the EU and international organisations are included.

Classification of accounts

For each of the six main sectors, sector accounts are drawn up that show all relevant transactions and balance sheet items. The following six accounts are relevant for institutional sectors:

1. Production account shows the value added that was created in resident production units.
2. Income generation account shows how much GVA (gross value added) remains per sector, in the form of operating surplus or mixed income, after paying employees and taxes, and before net property income.
3. Allocation of primary income account observes institutional sectors as recipients of primary income (income received by resident institutional units due to participation in the production process and property income from financial assets or tangible non-produced assets). This account shows how operating surplus (mixed income) and net primary income result in gross national income.
4. Allocation of secondary income account shows how the balance of the primary income of an institutional sector is allocated by redistribution of current taxes on income, wealth, social contributions and benefits (excluding social transfers in kind) and other current transfers.
5. The use of disposable income account includes the concept of final consumption expenditure financed by the various sectors concerned: households, general government, and non-profit institutions serving households. The balancing item in the use of disposable income account is savings.
6. Capital account records acquisitions less disposals of non-financial assets by resident units and measures the change in net value due to savings (final balancing item in current accounts) and capital transfers.

Balancing items of non-financial sector accounts

Balancing items are aggregate indicators for the purpose of macroeconomic analyses and comparisons in time and space. Non-financial sector accounts are based on a sequence of accounts by institutional sectors. These accounts are current accounts and are part of the accumulation account of capital accounts. Current accounts refer to the production, distribution and redistribution of income and its use in the form of final consumption. They make it possible to calculate savings, which is an essential factor of accumulation.

Gross domestic product (GDP, B1GQ) at market prices is the final result of the production activity of resident producer units. It can be defined in the following three ways:

1. Production approach: GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products. It is also the balancing item in the total economy production account.
2. Expenditure approach: GDP is the sum of final uses of goods and services produced by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services.
3. Income approach: GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production, and import less subsidies, gross operating surplus and mixed income of the total economy).

Gross operating surplus (B2G) is income that is a result of an activity before taking into account interests, rents and other costs payable or receivable by an institutional unit. It represents the part of income that derives from capital used in the production process. It is the basis for calculating the profit share, the key performance indicator of non-financial corporations in national accounts.

Gross mixed income (B3G) of total economy is equal to gross mixed income of the households sector.

Gross national income (B5G) at market prices represents the total primary income receivable by resident institutional units: compensation of employees, taxes on production and import less subsidies, property income (receivables less payables), (gross or net) operating surplus and (gross or net) mixed income. Gross national income (at market prices) equals GDP minus primary income payable by resident institutional units to non-resident institutional units, plus primary income receivable by resident institutional units from the rest of the world sector.

Gross disposable income (B6G) is income available to the total economy or to an individual sector for consumption and savings. Gross disposable income of the total economy is the sum of disposable incomes of all institutional sectors and is equal to the national income, adjusted for current transfers between resident units and non-resident units (plus received from abroad minus payable abroad). Current transfers are current taxes on income, wealth, social contributions and benefits, and other current transfers. Gross disposable income is of particular importance for the households sector as the level of income largely influences the level of household consumption, which is one of the key criteria of material wellbeing.

Gross adjusted disposable income (B7G) is derived from the gross disposable income of an institutional unit or sector by adding the value of social transfers in kind receivable by that unit or sector and subtracting the value of the social transfers in kind payable by that unit or sector.

Gross saving (B8G) is the part of the gross disposable income that is not spent as final consumption expenditure. Gross saving represents the link between current and accumulation accounts. Its value is positive if the value of disposable income is higher than the value of final consumption or negative if the value of disposable income is lower than the value of final consumption.

External balance of goods and services (B11) is the difference between imports of goods and services and exports of goods and services. A positive value indicates that the total economy has generated a surplus with the rest of the world sector in the trade in goods and services. The external balance of goods and services is the balancing item of the external account of goods and services, which is a part of the rest of the world sector. Its value is shown from the rest of the world sector's perspective (with the opposite sign).

Current external balance (B12) is the surplus (if positive) or the deficit (if negative) of the total economy with the rest of the world sector in current transactions (trade in goods and services, primary incomes and current transfers). Current external balance is the balancing item of the external account of primary incomes and current transfers and is shown from the rest of the world sector's perspective.

Net lending (+)/net borrowing (–) (B9) is a balancing item of capital account and an important link between non-financial and financial accounts. The balancing item of the capital account is conceptually identical to the balancing item of the financial account. The discrepancy between them is mostly due to different data and data sources used in the calculation of non-financial and financial accounts. This indicator represents, if positive, net resources that the total economy makes available to the rest of the world sector, or if negative, net resources that the total economy receives from abroad. A positive value of the indicator for an institutional sector indicates that this sector is (directly or indirectly) financing other sectors and a negative one that it borrows from other sectors. This indicator is also known as surplus (+)/deficit (−). Net lending (+)/net borrowing (−) of the total economy is equal to net lending (+)/net borrowing (−) of the rest of the world, but with the opposite sign.

The profit share of non-financial corporations is defined as gross operating surplus divided by gross value added. This profitability-type indicator shows the share of the value added created during the production process remunerating capital. Different profit shares in different economies can be explained by a number of factors, such as the relative importance of labour or capital-intensive industries, labour productivity and the level of labour costs.

Gross investment rate of non-financial corporations is the share of gross fixed capital formation (P51G) in gross value added (B1G) and is expressed as a percentage.

Gross investment rate of households is the share of gross fixed capital formation (P51G) in the sum of gross disposable income (B6G) and adjustment for the change in pension entitlements (D8) and is expressed as a percentage.

Gross household saving rate is the share of gross saving (B8G) in the sum of gross disposable income (B6G) and adjustment for the change in pension entitlements (D8) and is expressed as a percentage.

Abbreviations

CNB	Croatian national bank
EA-20	Euro area (20 Member States)
EU	European Union
EU-27	European Union (27 Member States)
Mln	million
Regos	Central Registry of Affiliates
S1M	households sector and non-profit institutions serving households (NPISH) sector

Symbols

0	value not zero but less than 0.5 of the unit of measure used

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