

POSSIBLE SCENARIOS FOR CROATIA'S PARLIAMENTARY ELECTIONS

Country heads for turbulent elections amidst looming political uncertainty

9 April 2024

SUMMARY

Croatia's mega-election year will kick off on 17th April when voters head to the polls to elect the 151 members of the country's parliament. As in previous parliamentary elections, the electoral contest will come down to a clash between the governing Croatian Democratic Union (HDZ) of centre-right Prime Minister Andrej Plenković and the leading opposition Social Democratic Party (SDP), supported by Croatian President Zoran Milanović. However, with neither of the two parties expected to secure a parliamentary majority, the election outcome will hinge on the performance of several smaller parties across the aisle.

In addition to growing anti-government sentiment due to alleged corruption under the HDZ's rule, Croatian politics has been turned upside down after the SDP-aligned President announced a controversial run for Prime Minister should the opposition win the elections. Milanović aims to succeed his main rival as PM without resigning from his office, which has prompted the Constitutional Court to ban him from running for PM. Milanović however has accused the top court of being influenced by HDZ and refuses to respect their decision.

Aretera's baseline scenario is that the Plenković-led HDZ will remain in power, either via a full majority or sufficient support for a minority cabinet. However, a strong showing by the Milanović-supported SDP, which has considerable political momentum, could lead to a change of government after eight years of HDZ rule. Although much less likely, Croatia could also end up heading for snap parliamentary elections if neither of the two leading parties secures a functioning majority in this contest.

Below, Aretera provides further insight into the Croatian parliamentary election campaign, the possible forward scenarios, as well as the likely political and policy implications.

PRE-ELECTION LANDSCAPE

On 17th April, Croatian voters will go to the polls to elect the 151 lawmakers of the Sabor, the country's unicameral legislature. Under recent changes to the country's election system, 140 MPs will be elected in ten regional districts, using a 5% threshold. Eight additional MPs will be elected by the national minorities, while the remaining three seats will be allocated by Croatians living abroad.

This year's parliamentary election will also be the first electoral contest in Croatia's mega electionyear, which includes the upcoming European parliamentary elections in June and Presidential elections later this year.

A MULTI-PARTY RACE

As in 2016 and 2020, this year's election will also come down to a clash between the centre-right Croatian Democratic Union (HDZ) and the centre-left Social Democratic Party of Croatia (SDP). Led by Prime Minister Andrej Plenković, the HDZ is currently the driving force of a minority government supported by smaller centre-right and liberal groupings in the Sabor. Its primary challenger, the centre-left SDP, has been in opposition since 2016.

With none of Croatia's two leading political parties projected to gain more than half of the Sabor's 151 MP seats, the election will come down to the performance of several other political formations. These include the far-right Homeland Movement, the green-leftist Možemo! movement and the centre-right Bridge of Independent Lists (MOST).

MULTIPLE FACTORS TO SHAPE THE OUTCOME

<u>Recent polls</u> suggest that Plenković's HDZ continues to lead over the SDP, polling at 32% on average against the Social Democrats' 22%. <u>Other polls</u> suggest a narrower margin between the two leading formations, with HDZ at 27% and SDP at 22%. The Homeland Movement, Možemo! and the MOST parties are all polling around 8-9%.

While the HDZ remains Croatia's most popular party, its reputation has been tarnished by a series of corruption scandals in recent years, as well as accusations of illiberal tendencies over a controversial law that punishes public whistleblowers. The ruling party has also faced considerable domestic criticism for appointing Ivan Turudić as Croatia's Prosecutor General: the opposition claims that the former judge has connections to people involved in corruption.

Organized by the SDP, Možemo! and several other centre-left-to-left-wing movements, thousands protested against the Plenković Government in Zagreb on 17th February, calling for early elections and Turudić's removal as the lead prosecutor. The HDZ defended his appointment and denied any wrongdoing.

The protests were likely among the key reasons why the ruling bloc chose to dissolve parliament and go for early elections. Plenković first aimed to hold parliamentary elections either during the summer or the autumn, however mounting pressure from the opposition, combined with concerns over waning support for the HDZ, forced him to move earlier than planned, with the election now scheduled for 17th April.

PRESIDENT IN CONTROVERSIAL BID TO BECOME PM

In addition to growing anti-government sentiments, Croatian politics has been turned upside down after Croatian President Zoran Milanović – triggering a constitutional debate – announced a surprise bid for Prime Minister, without resigning first as head of state. Also a former Prime Minister and exleader of the SDP, Milanović became President in 2020 and is considered Plenković's primary rival.

Croatia's Constitutional Court (USRH) was quick to ban Milanović from running for PM shortly afterwards, underlining that the incumbent President is constitutionally prevented from siding with any political party during election campaigns. This has not deterred Milanović, who says he will seek to become PM if the SDP wins the elections. The President has also lashed out at constitutional judges (whom he considers HDZ agents), often criticizing them in derogatory language.

The lead opposition party SDP has not officially named a candidate for PM but Milanović insists he will succeed Plenković should his former party win the election. While domestic and international observers fear this could trigger a constitutional crisis, the USRH eventually declared it would actually allow Milanović to become PM after the elections, as long as he does not run as a candidate while still President.

POSSIBLE FORWARD SCENARIOS

Aretera's baseline scenario assumes that Plenković's HDZ will remain in power. While the recent reputational damage suggests HDZ will struggle to match its 2020 election result (37%), it remains on track to win the highest share of votes and thus receive a mandate to form Croatia's next government. Taking the expected composition of the Sabor into account, securing 76 MPs capable of ensuring a functioning majority in the Parliament will be a major challenge for Plenković. However, experience suggests that the HDZ would likely reach beyond the centre-right in order to ensure a functioning majority. After winning the past two elections but falling short of an absolute majority, Plenković's party joined forces with several – centre-left, liberal, centre-right and minority – parties.

Equally possible, however is a centre-left coalition government. Although the HDZ is more likely to finish first on 17th April, a strong showing by Croatia's various centre-left, green, liberal and left-wing opposition formations could lead to a change of government. The SDP has emerged stronger from the anti-government protests in February, while the party is actively looking to expand its base (most recently by signing a coalition agreement with five smaller liberal parties). President Milanović's controversial prime ministerial bid has also benefitted the leading opposition party. Despite his controversial reputation, Milanović remains the most popular Croatian politician (followed by Plenković) and this could positively impact the SDP's electoral performance, even if Milanović does not end up PM. Undecided voters, whose number has been growing recently, may also turn to the centre-left bloc, contributing to an SDP-led government.

Although less likely, Croatia may head for a second election later this year. Should neither the HDZ nor the rival SDP secure a functioning majority, Croatia will then head for snap parliamentary elections, most likely held during the summer. This would mean the appointment of a caretaker government and subsequent uncertainties about political stability. While Aretera's baseline scenario expects Croatia to be governed by a democratically elected government after the elections, the Constitutional Court – following Milanović's highly controversial bid for PM – might choose to step in and annul the results, leading to a re-run election. This, however, would be a highly unprecedented move.

LIKELY POLICY IMPLICATIONS

Under the Plenković Government, Croatia has been a committed supporter of Ukraine amidst the ongoing Russian aggression. Under a prospective Milanović Cabinet, Croatia's Ukraine policy would likely be changed as – similar to Slovak Prime Minister Robert Fico and Hungarian Prime Minister Viktor Orbán – Milanović has also voiced Russia-leaning views on the war, opposing Western military aid to Kyiv. While the SDP itself is not characterized by pro-Russian tendencies, a Milanović-led government could regardless mean diminishing Croatian support for Ukraine.

However, the President has been often characterized as politically unpredictable, which would most likely impact a future SDP government. Alternatively, a new government led by Plenković, who has become one of the most influential Prime Ministers of the European People's Party (EPP) in recent years, would mean that Croatia's EU orientation would stay on track.

LOOKING AHEAD

If Plenković's party manages to remain in power, it could positively impact HDZ's chances in the upcoming EU parliamentary and Presidential elections. Arguably, the parliamentary election is the most significant electoral contest in Croatia's 2024 election cycle, however the President – in addition to his ceremonial duties – also has a say in security and foreign policy, making the position politically influential, especially if the next President comes from the opposition party.

Should the SDP stay in opposition, Milanović is likely to seek a second term as head of state, while an opposition win on 17th April could create momentum across the next two elections, potentially signalling a major political shift.

If you would like to schedule a discussion of this paper, please contact: Dominik Istrate, Research Director for Central & Eastern Europe, at <u>D.Istrate@AreteraPA.com</u>

Aretera is a leading independent public affairs advisory firm operating across Central & Eastern Europe, Türkiye, Central Asia and a growing number of global emerging markets. We advise a wide range of leading multinational corporations, providing counsel on all aspects of public policy, public affairs and reputation management. <u>www.areterapa.com</u>