

KEY TAKEAWAYS FROM CROATIA'S NEW COALITION GOVERNMENT

Ruling HDZ teams up with right-wing radicals to form new cabinet

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SUMMARY

Croatia's parliament has approved the country's new government, led by Andrej Plenković, the leader of the centre-right Croatian Democratic Union (HDZ), as Prime Minister. The formation of Plenković's third government comes after HDZ won Croatia's recently held parliamentary elections, but fell short of an outright majority in parliament. This has led to a coalition agreement with the nationalist Homeland Movement, effectively the election's kingmaker.

In the short term, the third Plenković Cabinet is expected to focus on economic and social priorities, including efforts to counter the country's demographic decline, as reflected by the formation of a new Ministry of Demographics and Immigration. Additional government priorities for the new parliamentary term include modernizing Croatia's railway infrastructure, increasing investments in the army and police force, providing government support for R&D projects and securing accession to the OECD in two years.

While the inclusion of the Homeland Movement in the new governing coalition suggests a shift towards the right, most local observers agree that the overall centrist course of the country's public policies will remain largely unchanged – even as the HDZ may offer symbolic concessions to its junior coalition partner. At the same time, the nationalist stance of Plenković's junior coalition party may prove a point of political tension, not only with the HDZ but also with neighbouring Serbia.

The recent parliamentary elections were the first in a series of electoral contests, to be followed by EU elections in June and Presidential elections later this year. While the former will likely mirror the results of the parliamentary election, the latter could see incumbent President Zoran Milanović, Plenković's ideological rival, run for a second term in office.

 Below, Aretera provides further insight into Croatia's new government, its likely policy directions and the political implications of the election's aftermath.

CENTRE-RIGHT PM FORMS HIS THIRD GOVERNMENT

On 17th May, Croatia's unicameral parliament, the Sabor, approved the country's new government led by centre-right Prime Minister Andrej Plenković, with support from the senior ruling Croatian Democratic Union (HDZ) and the radical right-wing Homeland Movement (DP).

The formation of Croatia's new government comes a month after the Plenković-led HDZ emerged victorious from the country's recent parliamentary elections, beating the main rival Social Democratic Party (SDP) of incumbent President Zoran Milanović (34% vs. 25%).

Since the HDZ lacked the 76 MPs needed to form a parliamentary majority on its own, Plenković's party struck a coalition agreement with the right-wing Homeland Movement to form a minority government with support from a group of HDZ-allied lawmakers. Accordingly, the new cabinet was approved by 61 HDZ and 14 DP lawmakers, as well as five HDZ-allied independent MPs.

The Composition of the Third Plenković Cabinet			
Member	Position	Portfolio	Affiliation
Andrej Plenković	Prime Minister	-	HDZ
Marko Primorac	Deputy PM & Minister	Finance	HDZ
Tomo Medved	Deputy PM & Minister	Croatian Veterans	HDZ
Davor Božinović	Deputy PM & Minister	Interior	HDZ
Ivan Anušić	Deputy PM & Minister	Defence	HDZ
Oleg Butković	Deputy PM & Minister	Sea, Transport & Infrastructure	HDZ
Branko Bačić	Deputy PM & Minister	Spatial Planning, Construction & State Assets	HDZ
Ivan Šipić	Deputy PM & Minister	Demographics & Immigration	DP
Ante Šušnjara	Minister	Economy	DP
Marija Vučković	Minister	Environment & Green Transition	HDZ
Tonči Glavina	Minister	Tourism & Sports	HDZ
Gordan Grlić-Radman	Minister	Foreign & EU Affairs	HDZ
Šime Erlić	Minister	Regional Development & EU Funds	HDZ
Vili Beroš	Minister	Health	HDZ
Josip Dabro	Minister	Agriculture & Fisheries	DP
Marin Piletić	Minister	Labour, Family & Social Policy	HDZ
Nina Obuljen Koržinek	Minister	Culture & Media	HDZ
Damir Habijan	Minister	Justice, Administration & Digital Transformation	HDZ
Radovan Fuchs	Minister	Science, Education & Youth	HDZ

KEY TAKEAWAYS FROM THE NEW CABINET

Plenković's third Cabinet consists of 18 ministries, 15 of which are controlled by the senior ruling HDZ, while the junior coalition Homeland Movement is responsible for the economy, demographics and immigration, as well as agriculture, forestry and fisheries. While the DP's choice of ministries reflects its anti-immigration and socially conservative platform, the party secured the Economy Ministry under a deal divide the Ministry's responsibilities, leading to the formation of a separate Ministry for Environmental Protection and the Green Transition.

Additional key figures of the new government include Former Economy Minister Damir Habijan, who will take over the Justice, Administration and Digital Transition Ministry, while Tonči Glavina is the country's new Tourism Minister. All remaining Deputy PMs and Ministers of the second Plenković Government (2020-2024) have retained their positions, while Finance Minister Marko Primorac will also continue as Deputy PM, a position the junior coalition DP will also hold through Demographics and Immigration Minister Ivan Šipić.

SHORT-TERM POLICY IMPLICATIONS

Under the four-year working program approved by the Croatian Parliament, the new government is expected to focus on raising the average salary and the minimum wage. An estimated €135 million could be provided for restructuring the economy by reducing non-tax levies, while the cabinet hopes to invest €6 billion in the modernization of the country's railway infrastructure by 2030. Additional priorities include encouraging privately funded R&D projects through €250 million in government funding.

In order to address the country's demographic decline (a key priority of both HDZ and DP), the government will work to increase the child bonus and the minimum student wage, whilst aiming to raise average pension to €750, increase social benefits, cut waiting lists in healthcare and increase agricultural production by 30% to €3.8 billion. In addition, the government will further invest in Croatia's army and police force and aim for accession to the OECD in two years.

POLITICAL IMPACT

While the inclusion of the Homeland Movement in the new governing coalition suggests a shift towards the right, most local observers agree that the overall centrist course of the country's public policies will remain largely unchanged – even as the HDZ may offer symbolic concessions to its junior coalition partner.

Notably, while the nationalist DP secured a newly formed ministry responsible for immigration, key government bodies responsible for the same policy area, including the ministries of Interior and Culture, will remain under HDZ control. Heading into the new parliamentary term, this may create fractures within the ruling bloc, potentially posing a challenge to its stability in the long run.

At the same time, the nationalist stance of Plenković's junior coalition party may prove to be a point of political tension with neighbouring Serbia. Finishing third after HDZ and the Social Democrats in the April parliamentary elections, the Homeland Movement agreed to enter government on condition that the new coalition does not include the Serbian minority SDSS party.

LOOKING AHEAD

The parliamentary elections held on 17th April were the first electoral contest in Croatia's mega election-year, which includes the upcoming European parliamentary elections in June and Presidential elections to be held later this year.

As for the EU elections, the outcome is expected to reflect the results of the parliamentary elections, given the limited amount of time between the two electoral contests. In addition to the centre-right HDZ, the rival Social Democrats and the nationalist Homeland Movement, the green-leftist Možemo! and the liberal-conservative Most are expected to secure seats in the EU Parliament.

Since the lead opposition Social Democrats failed to overtake the ruling HDZ, Croatian President Zoran Milanović, who was elected head of state in 2020 and was hoping to return as the Prime Minister of a centre-left government, is now expected to run for a second Presidential term.

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