

Short note – Macro/Fixed Income Research – September 11, 2009

Croatia: EU negotiations

Croatia's EU negotiation process set for revival

According to statements made at today's meeting of the Croatian and Slovenian PMs (Jadranka Kosor and Borut Pahor, respectively), Slovenia is ready to unblock Croatia's negotiation process and allow the opening of the remaining chapters. The two countries seem to have finally reached an understanding on their border dispute and steps toward its resolution. This is a positive event, as it suggests that Croatia remains on track for EU membership and should boost efforts to accelerate reforms and complete the negotiations. Furthermore, Croatia's position vis-à-vis foreign investors and ratings agencies would receive a boost from the continuation of negotiations. At the moment, the question mark over the country's entry date remains. In a positive scenario, entrance during 2011 remains possible, although we see 2012 as a more realistic option.

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