Croatia

Capital: Zagreb
Population: 4.22 million

Source: World Bank’s World Development Indicators

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NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. If consensus cannot be reached, Freedom House is responsible for the final ratings. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year. The opinions expressed in this report are those of the author(s).
EXECUTIVE SUMMARY

The year 2016 was likely the most politically dynamic year in Croatia since the end of the war. The beginning of the year brought a new government into office. This new coalition government pursued policies that quickly resulted in increased societal polarization. Tensions between the coalition partners very soon paralyzed the government, while a conflict of interest case brought down both the government and the leader of the Croatian Democratic Union (HDZ), Tomislav Karamarko, in a dramatic sequence of events. New elections followed soon after, and brought about a relative victory for the HDZ with a new leader, Andrej Plenković. Plenković took the party and government down a more moderate path, bringing relative if temporary stability to the political system after almost a year of turbulence.

Elections in 2015 and 2016 saw several new parties appear, competing on a platform of anti-establishment appeals including criticism of the existing economic policy and the party elites governing Croatia since independence. In the 2015 parliamentary elections, three new significant political organizations emerged: the Bridge of Independent Lists (Most), Human Blockade (Živi Zid), and Stranka rada i solidarnosti (better known as BM365). These parties occupied the space left by the electorally marginalized Labor Party and ORAH, presenting a third option to voters dissatisfied with the two principal ideological blocks.

The first government of the year was composed of a HDZ-led coalition of right-wing parties and Most, a new party formed just before the elections. This new government took office in January and enjoyed the support of several smaller parties in parliament. Because Most was unwilling to accept HDZ leader Tomislav Karamarko as prime minister, a little-known Croatian-Canadian businessman, Tihomir Orešković, was selected as a non-partisan prime minister.

A number of radical right wing parties entered parliament under the HDZ umbrella. These parties immediately demanded legislation lustrating former functionaries of the communist regime and the removal of the legacies of communism from public spaces. The demands also included calls to reduce funding for civil society groups, changes to cultural, education, and media policy, as well as personnel changes in a number of independent regulatory bodies and public media outlets. These developments further deepened ideological divisions across society beyond the level seen in previous years.

Despite a declaration of support from the government, members of the working group on curricular reform resigned, effectively hailing the end of education reform. This triggered a response in the form of countrywide protests and widespread criticism from civil society groups. These events demonstrated that ideological divisions—based on tradition, religion, modernity, and interpretations of Croatia’s Second World War legacy—permeated across civil society, media, and educational institutions. While ideological divisions have shaped Croatian politics since independence, educational establishments had thus far been relatively unaffected by such debates.

Soon after the government formed, tensions arose within the HDZ-Most coalition relating to personnel changes in public companies, police, and the intelligence service, as well as over the national oil company, INA. The dynamics of intergovernmental relations were not favorable to Most from the beginning, as their electoral support came from voters dissatisfied with party politics. Most therefore had to balance its role as a minority partner in government with trying to keep its electorate satisfied by opposing HDZ policies. Most found support in this in Prime Minister Orešković, especially after he asserted his independence—first by delaying the dismissal of the intelligence chief and later by appointing a candidate not supported by the HDZ leader, Tomislav Karamarko.

Nevertheless, as a result of this impossible position, support for Most plummeted in the months after the new government took office. A new conflict between coalition partners emerged after revelations came to light that Tomislav Karamarko had a conflict of interest regarding his official position as deputy prime minister and HDZ leader, and his wife’s business affairs. Following the confirmation of these revelations, and after the opposition asked for a vote of no confidence in Karamarko, the HDZ and Most split. Karamarko resigned from the deputy prime minister’s office, and the party initiated a vote of no confidence against its own government, which succeeded with the opposition’s support. After failing to
form a new government, Karamarko resigned as HDZ leader, parliament was dissolved, and new elections were called for the fall.

The HDZ elected a new leader, Andrej Plenković, a centrist and strongly pro-European Member of the European Parliament. Under Plenković’s leadership, the HDZ managed to win parliamentary elections in September, achieving a relatively narrow victory with 36.3 percent of the vote and 61 seats from the 151-seat chamber, against the 33.8 percent won by the Social Democratic Party (SDP) led coalition, which won 54 seats. Most was again the third party, winning 10 percent of the vote and 13 seats, while the coalition around Živi Zid achieved 6.2 percent of votes and 8 seats. After the elections, the HDZ managed to form a new coalition government with a resurgent Most. The new government did not include more radical right parties, which failed to gain any seats in parliament, and it did not include some of the divisive and controversial ministers from the previous government.

Following the September elections and the HDZ leadership change, tensions and polarization reduced—at least on the surface. The new HDZ leadership discontinued the politics of polarization and restricted the influence of individuals identified with polarizing positions by replacing them with moderate figures, triggering loud protests from the right. The new government, however, was not free from tensions between Most and the HDZ, which continued to hold divergent positions on a number of issues. However, under the year’s second government, these issues were less pronounced, and the government seemingly managed these conflicts better. At the same time, the main opposition party, SDP is to elect a new leader amid an atmosphere of uncertainty about its future direction. While retaining sizeable support, it faces necessary internal restructuring and the need to forge a new identity.

Score Changes:

- **Independent Media declined from 4.00 to 4.25** due to the politicization of the public broadcaster under the year’s first government, and violent threats against journalists.

**Outlook for 2017:** Despite efforts to reduce polarization under the year’s second government, ideological divisions affecting politics and civil society will continue, and political actors on the conservative end of the political spectrum will push ahead with their agenda despite the setback suffered with the change of the HDZ leadership. Issues of historical interpretation, education, media regulation, LGBT and abortion rights, and civil society financing will continue to be relevant, but with the HDZ’s new leadership oriented towards more inclusive politics, a decrease in polarization can be expected.

Local government reform remains an important issue for the new government, but is dependent on the HDZ and Most’s ability to compromise. Tensions between Most and the HDZ will likely continue, as the former seeks to preserve its electoral viability by emphasizing its independence. Corruption cases initiated several years ago will continue to grind slowly through the court system. The principal opposition party, SDP, while holding on to sizable support, is to elect a new leader in an atmosphere of uncertainty about its future direction, and faces the need for internal restructuring. However, it is unlikely that the party will achieve this in 2017, and it will face challengers from the left in the local elections, which might result in a realignment of left voters from the SDP if other liberal parties achieve electoral success.
The government that formed following lengthy negotiations in early 2016 was made up of an uneasy alliance between a collective of smaller right wing parties led by the Croatian Democratic Union (HDZ), and Most, a coalition of independent lists that transformed into a political party during the negotiating process. Most and the HDZ reached a compromise, selecting the non-partisan Tihomir Orešković as prime minister and head of government. Most demanded—and received—control of the Interior and Justice Ministries, indicating a desire to prevent the HDZ from controlling the police, courts, and prosecutors.¹

Leading figures of the HDZ-led coalition, including party leader Tomislav Karamarko and the heads of junior partners Croatian Party of Rights (HSP) and Croatian Growth (Hrast), continued to advocate the lustration of Croatia’s communist legacy. The coalition supported the removal of the symbolic legacies of communism from public spaces, as well as changes to the media and financing of civil society and cultural organizations.² The coalition’s anticommunist campaign contributed to increased polarization between the left and right blocs in Croatian politics, an increase that gained momentum following Karamarko’s ascension to the HDZ leadership in 2012.

Relations among the coalition partners, and between the HDZ and the coalition’s non-partisan prime minister Tihomir Orešković, became tense over local government reform, appointments to the public service and state-owned enterprises, and leadership changes in the police force.³ The HDZ’s leader Karamarko and Prime Minister Orešković came into conflict following the dismissal of the head of the state intelligence agency, when Karamarko was prevented from appointing a new intelligence chief of his own choosing.⁴

Most found itself in a difficult position: as a new political party, it was elected to promote change; however, Most lacked the sufficient leverage to force the HDZ to accept significant political and local governance reforms.⁵ This led Most to oppose a range of HDZ initiatives, triggering an effective blockade of the government and a sizeable loss of support for Most.⁶

The principal conflict between the HDZ and Most developed over the oil company INA, jointly owned by the Croatian state and a Hungarian oil company, MOL. The HDZ advocated Croatia’s unilateral withdrawal from arbitration concerning the company’s managerial rights and investment obligations—a proposal Most and a majority of opposition parties rejected as damaging to the national interest.⁷ The conflict led to a major split between Most and the HDZ, which only deepened when Karamarko was found to have a conflict of interest due to his wife’s business relationship with MOL (see Corruption). In an unprecedented development, the opposition called for a vote of no confidence in Karamarko, who subsequently resigned from government.⁸ In turn, the HDZ called for a confidence motion against Prime Minister Orešković—a move also supported by the opposition. After failing to secure a new parliamentary majority, and less than a month after being reelected to the HDZ leadership, Karamarko resigned, and the parliament dissolved in June.

After the parliament’s dissolution, new elections were held in September amid a relatively calm atmosphere. In the elections, the HDZ dropped the small radical-right parties from its coalition, while the Social Democrats broadened its coalition with the Croatian Peasant Party (HSS). Having toppled Karamarko, Most regained its electoral support, while a new party with a populist bent, Živi Zid, significantly increased its base. The result was a new coalition government comprised of the HDZ and Most, under the stewardship of the HDZ’s new leader, Andrej Plenković. The new government was not
dependent on the support of radical-right parties, had better relations with national minorities, and took a more centrist and inclusive position on a range of issues.

- As the party that saw the largest relative increase of votes, Živi Zid represents a new phenomenon in Croatian politics. The party emerged from a civil society initiative established to block evictions from repossessed properties, hence the name Živi Zid, or Human Blockade. The party also opposes loans denominated in foreign currency and the monetary policy of Croatia’s central bank, HNB. This initiative turned into a political movement when one of its more prominent members, Ivan Vilibor Sinčić, ran in the 2015 presidential elections on an anti-NATO and anti-EU platform. Sinčić’s campaign also criticized political elites, monetary policy, and regulatory policy towards financial institutions. Sinčić won 16.4 percent of votes cast in the 2015 presidential elections, providing significant visibility to the initiative and a boost to Živi Zid; this visibility ensured that Živi Zid secured 4.2 percent of votes and 1 seat in the 2015 parliamentary elections. Živi Zid had much greater success in the 2016 parliamentary elections, winning 6.3 percent of the vote and eight seats. On social issues, the party holds broadly left and libertarian views, combined with antiestablishment sentiments.

- In another important development, a major reform of the school curriculum was effectively halted despite the government’s declared backing, due to a lack of logistical support from the ruling coalition, and opposition from conservative parties, activists, and some academics. Opposition to the reforms in turn provoked a negative reaction from civil society and the public, who generally supported the changes. The curricular reforms were significant, as they marked the first comprehensive effort to modernize the curricula of elementary and secondary schools in Croatia. The proposed new curricula emphasized key generic skills, including critical thinking and problem solving, as opposed to the older system of education based on the absorption of facts. The reform was also the first public policy initiative to give elementary and secondary teachers a significant role in the framing of policy. However, conservative parties and activists criticized the curriculum reform for its alleged left wing value bias, while some academic circles were dissatisfied with their lack of involvement in the policy formation process.

### Electoral Process

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- The parliamentary elections held in September saw a relatively close race between the two main parties, the SDP and the HDZ (and their coalition partners), the resurgence of Most, and the success of the new party, Živi Zid. With only 54.35 percent of voters participating, turnout fell below 60 percent for the first time since Croatia’s independence, indicating significant dissatisfaction with politics among an electorate heading to the polls for the second time in less than a year. The only party to experience a sizeable increase in support compared to the November 2015 elections was the coalition around Živi Zid, which increased its absolute number of votes by almost a quarter and gained seven seats more than in the previous election.
- Elections contested 10 equally sized electoral districts—each electing 14 MPs—as well as a district for citizens living abroad and a special minority district. For the second time in parliamentary elections, voters could preferentially vote for candidates on a party list, enabling a candidate collecting 10 percent of the total votes for the list to be ranked according to the number of preferential votes received. Voters widely embraced the preferential system, and for the most part understood how preferential voting worked—having previously used the system in elections for the European Parliament, and in earlier parliamentary elections. Preferential voting also enabled candidates to run personalized campaigns, and to be elected even when placed low on the party list. As such, the system benefited candidates who did
not enjoy their party leadership’s favor, while some candidates used preferential voting to demonstrate the strength of their support among party voters.\textsuperscript{12}

- There were no disturbances or major contentions during the parliamentary elections, which passed following a relatively subdued campaign. Similarly, no questions were raised about the electoral process or the electoral results, nor were any complaints made about the role of the media.

- In January, the State Electoral Commission (SEC) referred allegations of electoral fraud arising from the 2015 elections to the prosecutor’s office for investigation as a matter of standard procedure.\textsuperscript{13} The allegations related to HDZ leader Tomislav Karamarko’s accusation that the party’s vote was undercounted during the final tally, resulting in the HDZ receiving six or seven fewer parliamentary seats than it should have.\textsuperscript{14} Karamarko alleged that APIS, a company that oversaw IT support during the election, underreported the number of votes that the HDZ’s coalition won.\textsuperscript{15} Karamarko further accused APIS of being managed by leaders appointed under the previous SDP-led government, and that the company was working in the SDP’s favor.\textsuperscript{16} However, Karamarko’s claims were unsupported by evidence, and strongly denied by APIS. In July, the state prosecutor dismissed the case and confirmed that no fraudulent behavior had occurred.\textsuperscript{17}

### Civil Society

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- Civil society organizations remained vibrant in a number of fields, particularly during the first half of 2016. This activity encompassed a number of controversial issues dominating public debate, including abortion and LGBT rights, privatization, international trade agreements, and educational reform. Despite some initiatives’ best efforts, civil society follows the general pattern of ideological polarization between the left and right that permeates Croatian society.

- In May, the team leading the elementary and secondary school curriculum reform resigned after complaining about a lack of sufficient administrative and financial support. Right-wing members of the governing coalition, and some conservative non-governmental organizations, opposed the education reforms.\textsuperscript{18} The resignation led to the mobilization of a large number of civil society organizations, organized under the initiative “Hrvatska može bolje” (Croatia can do better). Unions, employer representatives, advocacy groups, educational groups, parents’ associations, and others rallied under the banner of the initiative.\textsuperscript{19} Hrvatska može bolje organized one of the largest protests in Croatia’s modern history, indicating that the modernization of education had broad public support.

- The protest reflected the general pattern of strong opposition between left-leaning and right-leaning civil society organizations over a range of issues, one of the more prominent being the introduction of civic education in high schools.\textsuperscript{20} However, polarization also developed over the issue of public financing of NGOs,\textsuperscript{21} with conservative organizations calling for a reduction of funding. At the same time, a range of organizations warned that changes to the financing rules would likely have serious consequences for the long-term viability of numerous civil society organizations and their programs, especially organizations that provide services to vulnerable social groups.

- Several months after the HDZ-led government took office, war veteran groups ended a 555-day protest against the former SDP-led ruling coalition. The organizers attributed the end of the protests to a more favorable environment for the introduction of a new law on war veterans, thus removing the reason for the protests.\textsuperscript{22}

- In February, the Minister of Culture, Zlatko Hasanbegović (HDZ), discontinued public subsidies for non-profit media and abolished the commission in charge of allocating funds to not-for-profit outlets.\textsuperscript{23} The government also halved the share of funding for organizations promoting the development of civil society through revenue from the national lottery. A share of this revenue is used to fund organizations
involved in non-profit activities ranging from sport, social security and care, to culture and education.\textsuperscript{24} A number of CSOs complained that this funding cut would reduce their organizational capacity to apply for funding from other sources, including the European Social Fund, and would hamper their ability to deliver services to vulnerable groups.\textsuperscript{25}

- Relations between the Orešković government and labor unions were difficult, lacking substance and agreement on a range of issues. Throughout much of the year, the government and the unions were unable to establish an effective dialogue.\textsuperscript{26} The main point of contention was the cancelled collective agreement for public services and a public sector wage increase; wages were frozen at the beginning of the crisis after a sharp drop in GDP in 2009. The implementation of the agreement and the wage increase were supposed to take place after GDP growth reached 2 percent for two consecutive quarters. The government rejected the increase on budgetary grounds, despite GDP growth having reached the requisite level for the wage rise. Unions have announced a lawsuit against the government’s decision.\textsuperscript{27} Despite continuing disagreements, the new government formed in September forged a better relationship with the unions, and an agreement about public sector wages was close to being concluded at the end of the year.

\textbf{Independent Media}

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\item The ideological divisions permeating all levels of Croatian society in 2016 were perhaps most pronounced in the media. Soon after taking office, the year’s first government, headed by the HDZ and its partners, proposed the dismissal and replacement of members of the Council for Electronic Media and the Agency for Electronic Media, alleging irregularities in their operation.\textsuperscript{28} The Croatian Journalists’ Society (HND) and the Council itself described the move as unjustified and political.\textsuperscript{29} Soon after, the Council’s president resigned, citing political pressure as cause for her resignation.\textsuperscript{30}
\item The country’s public broadcaster, Croatian Radio Television (HRT), faced similar pressure. As one of its first acts, the year’s first government replaced the broadcaster’s director-general, Goran Radman, citing irregularities in his appointment, interference with programming, and alleged pressure on journalists.\textsuperscript{31} Deputy Prime Minister Tomislav Karamarko and a range of critics on the right were on record criticizing the HRT’s ideological orientation.\textsuperscript{32} Opposition parties, journalists’ associations, and other groups criticized Radman’s dismissal—and the appointment of a temporary replacement close to the HDZ—as a political move aimed at taking control of the national broadcaster.\textsuperscript{33} Following the appointment of a new director-general, a wholesale replacement of editors in the radio and television branches resulted in a significantly altered editorial structure.
\item In January, the Council for Electronic Media ordered a two-day ban for the television outlet ZI for hate speech, following one of its anchor’s on-air “warning”. Journalist Marko Jurić “warned” mothers and children passing a central Zagreb Orthodox Church that the Orthodox priests might slit their throats.\textsuperscript{34} ZI television supports radical right-wing views in some of its broadcasts, and some veterans’ associations and individuals associated with right-wing parties and organizations held a protest march in front of the Council for Electronic Media’s office.\textsuperscript{35}
\item Similarly, some war veterans’ associations demanded the removal of the leadership of the Croatian Audiovisual Center (HAVC), an institution supporting media production. The veterans’ associations allege that HAVC supported anti-Croatian filmmakers,\textsuperscript{36} leading the Minister of Culture, Zlatko Hasanbegovic (HDZ), to initiate an inspection process against the Center. This move triggered suspicions that the HDZ-led government was planning to replace HAVC’s director and management.\textsuperscript{37} The new Minister of Culture, Nina Obuljen Koržinek, an independent, did not act further on the issue,\textsuperscript{38} despite the demands of representatives from some veterans’ groups, who continued to pressure HAVC throughout the year with press conferences and protests.\textsuperscript{39}
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While incidents of violence against journalists are rare in Croatia, journalists were routinely subject to political pressure, dismissal, threats from political extremists, and charges of alleged ideological biases. The HND frequently warned of threats against journalists, and demanded that the relevant authorities take proper actions. In October, the HND’s chairman, Saša Leković, reported to police that an attempt had been made on his life after the wheels of his car were allegedly sabotaged, but no further information regarding this incident was forthcoming.

While private broadcasters continue to enjoy a relatively high degree of independence from political pressure, economic pressures—including a difficult financial environment and sparse employment opportunities—hamper journalists’ ability to work. Economic interests further influence editorial policies, as outlets are dependent on advertising revenue and other funding channels, although the exact extent of this influence is difficult to assess. Politics continued to impact public media, and public television outlets in particular, especially where political decisions intertwined with economic considerations. After a number of public grants were withdrawn in January, the HND warned that journalists in smaller independent media outlets would likely lose their jobs. Journalists were also affected by the decline of newspaper circulations and advertising revenue, which negatively impacted their work conditions and economic security.

Local Democratic Governance

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Local government reform was an important issue in Most’s political program, which attempted to place the issue high on the Orešković government’s agenda. The proposed local government reform would focus on reducing the number of local government units and the number of counties, in order to increase efficiency, reduce costs, and improve economies of scale in the provision of government services.

This proposed local government reform immediately became a contentious issue between the HDZ and Most during the brief term of their first coalition government. As a party with significant regional penetration, the HDZ retains control in most counties—and therefore could be threatened by any reorganization. Opposition to the reorganization of the number of counties and their structure also came from officeholders at the county level, where resistance to the changes crossed party lines. The fall of Orešković’s government stemmed the reform process without producing even a blueprint of how the changes should be shaped.

Most also demanded a reduction in wage expenses and the number of employees in local government units, but were unable to put this demand into practice. The structure of local governments is often considered bloated, with too many local government units–some of which are incapable of fulfilling their basic functions.

After the 2016 elections, Most demanded during coalition negotiations that maximum expenditure on wages in local government could not surpass 15 percent of the local budget. This would be a significant reduction from the current 20 percent and would likely result in a decrease in the number of employees in local government, and thus opportunities for local-level clientelism.

The conflict over local government reform emerged during by-elections in the city of Vrgorac. Most and HDZ candidates were pitted against each other, not only for positions in the local government, but also over how to approach the reforms themselves. Most won the Vrgorac mayoral by-election in a close race after a contentious campaign where candidates of two parties traded heavy accusations against each other. Most criticized the previous local administration led by HDZ as clientelistic, negligent, and self-serving.

The new HDZ and Most government coalition that formed following September’s parliamentary elections continued to place importance on local government reform. While Most favored this agenda,
reform plans were less pronounced and less detailed than under the previous government, and no defined proposals were advanced.

- Minister of Finance Zdravko Marić (HDZ) proposed an income tax reduction that would likely reduce revenue for local government units. The minister proposed that the real estate sales tax, which would also reduce slightly, be turned into a source of revenue for local government units. The minister also suggested that a property tax be introduced as a source of revenue for local government.

### Judicial Framework and Independence

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- In June, just ahead of parliament’s dissolution, the legislature elected 10 justices to the Constitutional Court. The new judges were needed for the court to function in the then-upcoming parliamentary elections, replacing justices whose terms in office were about to expire. The judges were appointed following significant delays caused by the inability of the HDZ and SDP to agree on suitable candidates. The appointment of several candidates was controversial, due to allegations of academic plagiarism and the alleged assumption of false identities in business transactions. All candidates were considered to be politically linked to either the HDZ or SDP and their partners. The election of the constitutional justices was only made possible by a deal between the HDZ and SDP that secured the two-thirds majority in parliament necessary for the appointments to be effective. The two parties justified their compromise by the need to have a full constitutional court in place before the elections, so that the court could adjudicate possible complaints arising from electoral proceedings.

- The Security and Intelligence Agency (SOA) stated in a report prepared for the president and the prime minister that 20 judges posed a threat to national security and were engaged in potentially corrupt practices. The Agency’s report did not specifically name judges, but indicated that problems exist in the judicial system. While this was unprecedented, the report did not meet any significant reactions or denials. In fact, the Minister of Justice stated that the report suggests that corruption in the judiciary is a minor problem, as it only highlighted a small number of judges. The report arrived in the context of several allegations of inappropriate contact between judges and interested parties in 2015 and 2016, including Constitutional Court judges deciding the constitutionality of certain laws. However, the significance of the report is hard to assess from media reports, as most comments related to external influences on the judiciary and were mostly conjecture, given that there were no proven or verifiable links with actual corruption cases.

- Following the parliamentary elections in September, the new government announced plans to implement several judicial reforms. These changes aimed to improve the efficiency of case management in the county and commercial courts, as well as to provide greater mobility for judges. Under the proposed reforms, the Supreme Court’s role in standardizing court practice was to increase; the changes also sought to professionalize some posts in the State Judicial Council. However, the Minister of Justice did not provide an analysis of the reasoning behind the changes or an implementation timeframe.

### Corruption

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- The year 2016 saw a series of high profile corruption cases against senior politicians go to trial. Perhaps the year’s most important event was a decision of the Commission for the Prevention of Conflict of
Interest, an independent anticorruption watchdog, against deputy prime minister and HDZ leader Tomislav Karamarko. In June, the Commission found that Karamarko had a conflict of interest relating to his advocacy for Croatia’s unilateral withdrawal of a complaint against the Hungarian oil company MOL. Together with majority shareholder MOL, the Croatian government managed an oil company, INA, and it was over the management of INA that a complaint arose. The Commission revealed that MOL’s chief lobbyist in Croatia had hired Karamarko’s wife for various public relations services. The Commission found that Karamarko had tried to influence a government decision in a manner favoring MOL, while the MOL lobbyist was engaged in a business relationship with Ana Karamarko’s PR firm, Drimia. An administrative court subsequently rejected Tomislav Karamarko’s appeal of the Commission’s findings in September.

- In a related development, reports emerged that under Karamarko’s leadership, the HDZ received a donation from foundations associated with Russian-owned energy companies interested in doing business in the EU market. While the donation was legal, even some HDZ members suggested it might have been linked to unwarranted political influence. ⁵⁸

- After three attempts, a court confirmed an indictment against the former head of Croatia’s Chamber of Economy (HGK), Nadan Vidošević, and opened the way for the case to proceed to the trial phase. In November, after several attempts, the Zagreb county court approved indictments against the former transport minister and mayor of Zadar, Božidar Kalmeta, two former deputy ministers and several managers of the Croatian Motorway Company (HAC), and the managers of construction companies for money laundering. ⁵⁹ Prosecutors also indicted Kalmeta in another case related to a payment made to the public relations company Fimi Media, which was involved in money laundering and illegal financing for the HDZ during the tenure of its former leader, Ivo Sanader.⁶⁰

- Corruption cases generally take a long time for procedural reasons, as courts need to approve indictments for trials to proceed. In most cases, defense attorneys use the process to challenge the prosecution’s case before trial by appealing to county courts and then the Supreme Court. This creates sizable delays between the investigative phase and actual trials.

- In one of Croatia’s most complex corruption cases, the former Minister of Economy and deputy prime minister, Damir Polančec, was acquitted with seven codefendants in a case related to the takeover of the food company Podravka through the alleged use of company assets to raise capital for the move. In the same trial, but on a separate count, four of the defendants were found guilty of illegally providing a loan to a private company using Podravka’s financial assets. ⁶¹

- The trial of Marina Lovrić Merzel, an SDP parliamentarian and the former head of the Sisak Moslavina county, was postponed after prosecutors demanded that the judge presiding the case recuse himself. The judge had dismissed the prosecution’s main evidence against Merzel and rejected the plea bargain between prosecutors and one of the defendants. ⁶²

- Prosecutors did not charge Josipa Rimac—the former mayor of Knin and a former HDZ member of parliament—and her husband for gaining possession of property to which they were not entitled under law. While the prosecution elected not to press charges due to a lack of evidence, it did charge the official responsible for enabling the couple to gain possession of property.

- The Zagreb County Court did not confirm an indictment against the mayor of the capital, Milan Bandić, and his associates. The court ruled that the prosecution’s evidence—obtained by wiretapping—was inadmissible, as warrants were not substantiated to the standard required by law. ⁶³ The prosecutors will appeal to the Supreme Court, but until the appeal is concluded the case will be on hold.

- During the 2016 election campaign, documents obtained from a car burglary alleged that a PR company (Grizli komunikacije) working for Most was involved in influence-selling, promising their clients access to government ministers and media in order to facilitate the favorable resolution of a commercial dispute. ⁶⁴ No evidence emerged that Most ministers took any action in relation to the ads, or that they tried to influence the media in favor of the PR company’s clients.

- Throughout 2016, the police and prosecutors investigated several corruption cases against individuals at comparably lower political positions than those involved in cases opened in previous years. Court
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