

## SERVICES MARKET LIBERALIZATION IN CROATIA

Services market liberalization aims to facilitate business operations in the Croatian market and the internal market of the European Economic Area. Such regulatory reform opens opportunities for increased economic activity and productivity.

Services include dozens or several hundred activities and professions where economic value is mostly generated. These include professional and business services that contribute to the industry's added value.

### Fewer barriers

Therefore, in cooperation with the competent authorities, the Croatian Ministry of Economy horizontally encourages the further reduction of red tape and administrative barriers in sectoral regulations of various services and professions.

The Ministry communicates the economic benefits of doing business in the European internal market with students as potential entrepreneurs and business associations.

### Results of the reform

A key result indicator is 310 implemented measures in 50 business activities and professions. This has achieved the objective of the National Recovery and Resilience Plan 2021–2026 and the 2020 National Reform Programme.

### Methodology for measuring market regulation

According to the relevant OECD methodology, Product Market Regulation (PMR), the overall regulation of the Croatian economy and services market has been roughly reduced from the highest level (PMR 2013) to the average OECD level (PMR 2018 and PMR 2023).

At the same time, the main professional services (accountants, architects, engineers, real estate agents, and lawyers) are regulated lower than the EU and OECD average and within ten EU member states in terms of deregulation. Zero licensing of accountants and reduced regulation of engineers, architects, and real estate agents contribute to this result.

On the other hand, the regulation of pharmacies is high (the highest within the EU and twice the OECD average). Also, the regulation of legal services (notaries and lawyers) is high, although they do not deviate from comparable continental countries that are part of the EU.

More information is provided in the Annex.

### **Government documents**

This reform aims to continue encouraging competition in the services market by applying the PMR methodology of reducing the regulation of professions. This would open up room to increase productivity (the National Reform Programme 2020). This reform aims to simplify or lift additional regulatory requirements for the private professional services sector. (National Recovery and Resilience Plan 2021–2026 & Annex to the Council Implementing Decision).

Additional reform measures will ensure the continuation of easing and removing regulatory and administrative barriers to market access for professional and business services. Also, indicators and results based on the OECD's Product Market Regulation (PMR) methodology are used. The Ministry of Economy carries out horizontal coordination of proposing, formulating, and reporting on measures to liberalize the service market, and the competent authorities are responsible for ensuring the implementation of legislative adjustments. (National medium-term fiscal-structural plan of the Republic of Croatia for the period 2025–2028).

### **Institutional framework**

The institutional framework governing the right of establishment and the freedom to provide services is shared by all states of the European Economic Area (EU+EFTA) through the Treaty on the Functioning of the European Union (Articles 49–61). This framework for the free market for services is enabled by the Services Directive, i.e., the Services Act.

Services market liberalization is carried out at the EU level and in line with specific reform recommendations within the framework of the European Semester. In addition, within the Single Market Enforcement Taskforce (SMET), the European Commission and the Member States arrange initiatives to remove cross-border barriers to the freedom to provide services and to operate in the internal market, which is also important for Croatian exporters. More information is in the Annex.

## **EU Internal Market Centre**

**EU Internal Market Centre supports easier access to the European market** by bringing together a range of institutional tools used by all EU/EEA countries – **all in one place**. In this respect, two administrative support tools are used to facilitate business start-up and access to the services market:

The Point of Single Contact for Services provides information on starting a business in the Croatian services market (establishment, freedom to provide services, sectoral requirements, and so on). Access to the EUGO network is also available, which answers questions from Croatian exporters on how to operate in the European Union and particular Member States. Further simplification and digitalization of authorization procedures for individual service activities have been continued. The Point of Single Contact for Services (as well as the Product Contact Point) is a customer support service through the *Single Digital Gateway*. It needs to be developed by all Member States in cooperation with the European Commission through the **Your Europe** portal, which provides links to regulatory and administrative information for businesses and citizens.

The Internal Market Information System (IMI) is a common European online tool for cross-border notification concerning the justification of regulatory requirements for the services market to prevent unjustified restrictions on the freedom to provide services in Croatia and the European market. In addition, IMI facilitates cross-border administrative checks of data in different areas, thus avoiding red tape, which reduces the time needed for an administration to respond.

## SUMMARY OF IMPLEMENTED MEASURES

**Open cross-border competition:** The Croatian domestic market is open to competition from the EU market in most service activities. Freedom of establishment has been provided. Furthermore, the freedom to provide cross-border services on a temporary and occasional basis has been provided for various service activities for EU/EEA nationals, without the obligation to register a company, to be a member of a professional chamber, or to pass a professional exam. Also, in the context of Croatia's accession to the OECD, the freedom to provide cross-border services continues to be introduced.

**Simplified procedures:** Starting a business has been simplified, accelerated, and digitalized. As regards access to the services market, digital procedures are available for a growing number of professions as well as qualification recognition (architects, civil engineers, mechanical engineers, electrical engineers, geodetic engineers, tax advisors, auditors, real estate agents, veterinarians, detectives, driving schools, tourism and catering industry, tourist guides, taxi drivers and road transport, intellectual property, education, real estate agents, retail, e-commerce, health professions and environmental protection). The digitalization process is ongoing in several service activities and cross-border interoperability according to the "once-only" principle. For various other services, scanned documents may be sent by e-mail without seals and stamps and without the additional obligation of sending the documents via the post office. Information on requests for the services sector is available in one place, without the obligation to go to institutions in person.

**Less duplication and zero licensing:** Equivalent types of professional liability insurance are recognized from other EU/EEA states. The access to regulated professions through automatic recognition of professional qualifications for EU/EEA citizens has been facilitated, and the same applies to Croatian professionals in the EU market. The government does not demand information from domestic service providers that it already has in the system. The use of the IMI system for verification of information on the cross-border service providers has increased. The licensing of accountants has been revoked. The relicensing of construction companies has been removed, including energy certification, auditors, and psychotherapists, and the licensing of tourist guides, employment agencies, and accountants. The professional chamber is not mandatory for construction site managers anymore, and the introduction of mandatory chamber memberships for accountants, nutritionists, and traffic and transportation technology engineers was prevented.

**No permanent residence obligation and fewer certificates:** Architects, engineers, and geodetic engineers, as well as many other professions, are no longer under obligation to register their permanent residence in Croatia. Architects and geodetic engineers are no longer obliged to prove they are not under criminal investigation or criminal proceedings.

**Less time to obtain the license:** Mandatory work experience for architects, engineers, and geodetic engineers has been reduced to two years, for auditors to four years, and for veterinarians to six months, while it is no longer required for tourist agency managers. Work experience for notaries has been reduced. The right to take a professional exam for tax advisors has been granted to applicants with completed graduate or master's degrees and three years of relevant work experience, and to applicants with specialist studies and five years of relevant work experience.

**Easier recognition of professional qualifications:** Automatic recognition of professional qualifications has been implemented for the professions from other EU/EEA states. A general system for the recognition of professional qualifications from third countries has been introduced as well. The European Professional Card issued for the provision of services on a temporary and occasional basis gives an automatic right to practice the profession without fulfilling any additional requirements. A person who wants to provide regulated professional services may notify the competent authority thereof or the Point of Single Contact for services. Croatian language proficiency test is not required anymore for professionals from EU/EEA states, except for healthcare professionals, due to patient safety. There is a 30-day deadline for a competent authority to issue a decision on the recognition of foreign professional qualifications after the fulfillment of an additional measure. Fees for cross-border service provision and recognition of engineering qualifications have been reduced.

**Market prices:** Removing minimum fixed tariffs has enabled free price formation and negotiation in various professions and sectors, such as accountants, real estate agents, architects, engineers, auditors, tax advisors, taxi drivers, driving schools, etc. Furthermore, it is possible to determine the price of legal services more flexibly, that in all legal matters, lawyers can agree with the client in writing to work on an hourly basis, whereby they are not obliged to adhere to the minimum hourly rate. The statutory right of the chamber to impose fees for tax consultancy services has been abolished.

**Less exclusive rights and more multidisciplinary cooperation:** Interior and landscape design are not exclusively under the competence of architects, so there are no limitations for others to perform this business activity. It has been provided for

tax advisors to participate in tax administrative matters before administrative courts. There is a possibility of multidisciplinary cooperation between architects, engineers, real estate agents, accountants, and other services.

**Advertising options:** Architects and engineers, tax advisors, lawyers, pharmacists, and physiotherapists are no longer banned from advertising their services, and this is also the case in many other professions.

**No office and license restrictions:** Territorial restrictions considering the number of licenses have been removed (e.g., for driving schools and taxi services). Taxi drivers may obtain licenses in any municipality. This enables the expansion of professional businesses and their new investments. Furthermore, founders of driving schools, private archives, private educational institutions, and private scientific institutes are no longer under an obligation to have economic justification for their business using a study. Architects, engineers, auditors, and lawyers are free to open new offices like most other occupations and professions.

**Selection of legal form:** In most professions, there are no limitations in terms of the legal form. Therefore, entrepreneurs decide independently whether they want to start a business as natural or legal persons. This enables the removal of costs of obligatory status change, for example from a natural to a legal person. For example, lawyers and tax advisors may also establish a limited liability company.

**No ownership and establishment restrictions:** The 51% shareholding requirement concerning ownership interests or membership in a tax consultancy company has been abolished. The same principle has already been provided for architects, engineers, and other professions. Also, any natural or legal person, and not just a tax advisor, has founding rights in a tax consultancy company (with at least one licensed tax advisor). Also, the shareholding requirement for auditors has been reduced from 75% to 51%.

**More open employment practices:** As with other professions, civil engineers and online travel agencies are no longer obliged to hire a minimum number of employees; instead, they independently decide on this matter. Freedom to conclude full-time or part-time job contracts is provided for driving schools. Online travel agency office managers are no longer under obligation to have permanent residence. Also, there is no obligation to have a full-time employed office manager in every

branch office of a travel agency. The ban on employment with another natural or legal person has been lifted for tax advisors pursuing a self-employed activity.

**Facilitated provision of lawyer services:** Croatian lawyers may practice in companies in other EU Member States. The right to practice law profession does not cease to exist for Croatian lawyers in other EU Member States when the profession is practiced outside a law firm. Branch offices of EU law firms may provide consulting services on Croatian law as well. Lawyers from other EU Member States may start a law firm in Croatia, and they can provide legal services jointly with Croatian lawyers or lawyers from other EU Member States, without the obligation to wait for recognition of qualifications to have an equal status with Croatian lawyers. It is possible to start employment as a lawyer with another lawyer who independently practices the legal profession and within a joint law firm. Lawyers who, without a justified cause, do not practice their profession for more than 6 months will no longer be deleted from the register. Specific administrative requirements for European lawyers have been reduced. The high fee for chamber re-enrolment is no longer payable, while the fee for the first enrolment has been reduced by 40%.

## **DETAILED OVERVIEW OF THE MEASURES IMPLEMENTED**

### **Architects**

Ministry of Physical Planning, Construction and State Assets / Act on Physical Planning and Building Tasks and Activities; Act on the Chamber of Architects and Chambers of Engineers in Construction and Physical Planning; Ordinance on entries in directories, registers, and records of the Croatian Chamber of Architects

1. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
2. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation to initial registration of a company, obtaining approval, membership in a professional chamber, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.

3. Automatic recognition of professional qualifications for architects from the European Economic Area has been provided and more pathways to meet the qualification requirements.
4. The fee for the recognition of the professional qualification of architects has been unified and reduced from EUR 800 to EUR 400.
5. The fees for issuing a certificate for temporary and occasional provision of services by architects from EU/EEA countries have been reduced.
6. Fixed and mandatory price regulation has been revoked for architects.
7. There are no advertising limitations for architects.
8. Certified architects are free to establish more than one office.
9. Legal form restriction on certified architects – town planners, has been abolished.
10. The obligation to delete architects from the register if they fail to perform project activities and/or activities of professional supervision of construction processes for six consecutive months has been revoked.
11. Architects no longer have exclusive rights to perform the work of the main designer for buildings (ensuring the integrity and mutual compatibility of all building projects), but shared rights with engineers.
12. The authorization procedure is no longer required for feasibility studies, interior design projects, and landscape project designs that are not under the construction project.
13. The obligation of trainee internship through professional work experience under mentorship has been revoked, and it is sufficient to meet a two-year requirement of adequate professional work experience.
14. All certified architects may conduct project attestation (certification), project development, and signing of projects as well as site management activities.
15. The requirement that architects as applicants for approval may not be under a criminal procedure has been removed.
16. The requirement of permanent residence in Croatia for architects from other countries has been removed.

### **Civil construction, mechanical, and electrical engineers**

Ministry of Physical Planning, Construction and State Assets / Act on Physical Planning and Building Tasks and Activities; Act on the Chamber of Architects and Chambers of Engineers in Construction and Physical Planning



17. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
18. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company, obtaining approval, membership in a professional chamber, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
19. Fees for cross-border service provision of mechanical, electrical, and civil engineering services from EU/EEA countries have been reduced.
20. Fees for the recognition of mechanical engineering qualifications from EU/EEA countries have been reduced.
21. Fixed and mandatory price regulation has been revoked for engineers, and prices can be freely negotiated.
22. Non-binding Chamber guidelines for the service standard and the working hours standard for civil engineers have been further simplified.
23. There are no advertising limitations for engineers.
24. Certified engineers are free to establish more than one office.
25. The obligation to delete engineers from the register if they fail to perform project activities and/or activities of professional supervision of construction processes for six consecutive months has been removed.
26. Engineers do not have exclusive rights regarding building cost management (but shared rights with architects regarding planning and design, professional supervision, project certification (attestation), and construction project management)
27. Project management activities may be carried out by persons who are not entered in the project management records.
28. The obligation of trainee internship through professional work experience under mentorship has been removed, and it is sufficient to meet a two-year requirement of adequate professional work experience.
29. The authorization procedure is no longer required for the development of the feasibility study.
30. All certified engineers may conduct project attestation (certification), project development, and signing of a project as well as site management activities.
31. The requirement of permanent residence in Croatia for engineers from other countries has been removed.
32. The obligation to submit photographs for civil engineers has been canceled.

## **Construction works managers/site engineers**

Ministry of Physical Planning, Construction, and State Assets / Act on the Chamber of Architects and Chambers of Engineers in Construction and Physical Planning

- 33. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company, obtaining approval, membership in a professional chamber, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 34. The requirement of obligatory membership in a professional chamber of construction works managers, i.e., site engineers, has been removed.
- 35. The requirement of professional liability insurance for construction work managers (i.e., site engineers) has been removed.

## **Construction: construction works, project management, an inspection of building components, and testing of the construction material**

Ministry of Physical Planning, Construction, and State Assets / Act on Physical Planning and Building Tasks and Activities; Act on the Chamber of Architects and Chambers of Engineers in Construction and Physical Planning

- 36. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation to initial registration of a company, obtaining approval, membership in a professional chamber, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 37. The licensing procedure has been removed for contractors – construction companies (the contractor has to be registered for construction works and needs to employ a manager of construction works).
- 38. The obligation of hiring a minimum number of employees for construction works has been removed (note: construction work refers to building design and construction), therefore, the contractors independently decide on the number of employees.

- 39. Persons inspecting building components no longer have the obligation of accreditation.
- 40. A fee for the decision on meeting requirements on evaluation and inspection of the constancy of performance of construction components has been reduced by half.
- 41. Provision of services in civil engineering has been facilitated due to simplified procedures and reduced costs for obtaining a building permit.

## Energy certification

### Ministry of Physical Planning, Construction, and State Assets / Building Act

- 42. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 43. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company.
- 44. The price of energy certification training has been reduced by approximately half.
- 45. The obligatory work experience for graduate engineers (five-year study program) has been reduced from five to two years and for undergraduate engineers (three-year study program) from ten to five years, which simplifies the licensing procedure.
- 46. The obligation of attestation of documents by notaries before starting the energy certification of buildings has been removed.
- 47. Authorization fees have been reduced for entities performing energy certification.
- 48. The obligation of re-licensing every five years has been removed, thus canceling the additional procedural costs.
- 49. The obligation of professional liability insurance has been removed.
- 50. The obligation to submit a clean criminal record certificate has been removed.
- 51. The functionality of verifying the authenticity of energy certificate documents via QR code has been implemented.
- 52. The B2 language requirement for cross-border energy certifiers has been abolished.
- 53. Issuing authorizations for energy certification to legal entities has been abolished.
- 54. The electronic submission of applications for obtaining authorizations for energy certification has been enabled.

## **Geodetic engineers**

### **State Geodetic Administration / Act on Geodetic Activity**

- 55. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 56. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company, obtaining approval, membership in a professional chamber, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 57. Licensing procedures have been simplified.
- 58. Mandatory working experience has been reduced to two years.
- 59. There are no legal form limitations for geodetic engineers.
- 60. The obligation of having land surveying equipment and premises as a condition for providing the service has been removed.
- 61. There are no limitations on advertising for geodetic engineers.
- 62. The permanent residence requirement in Croatia for geodetic engineers has been removed.
- 63. The obligation of delivering a certificate proving that, against a geodetic engineer, no criminal proceedings are being conducted has been removed.
- 64. The obligation of guidelines provided by the Croatian Chamber of Chartered Geodetic Engineers in terms of a time limit for providing a land surveying service has been removed.
- 65. The obligation to provide proof of impunity for geodetic service providers on a temporary and occasional basis has been abolished.
- 66. The obligation to submit a photo for geodetic engineers has been abolished.

## **Mining engineers**

### **Ministry of Economy / Mining Act**

- 67. All information about the conditions is available at the Point of Single Contact for services, and it is possible to send documentation by e-mail. Providers from the European Economic Area are guaranteed freedom of business establishment and freedom of cross-border provision of services.
- 68. The requirement to submit proof of Croatian language proficiency for applicants to the professional exam of mining engineers who obtained their professional qualifications abroad has been abolished.
- 69. Applicants to the professional exam of mining engineers can take the exam again after three months instead of after a year.
- 70. The electronic registration of the professional exam for mining engineers is ensured.

## **Real estate agents**

Ministry of Economy / Real Estate Brokerage Act

- 71. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 72. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation to initial registration of a company, obtain approval, or wait for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 73. The price of licensing exams for real estate agents has been reduced.
- 74. The price is formed in the market.

## **Accountants**

Ministry of Finance / Accounting Act

- 75. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation to initial

registration of a company, obtaining approval, membership in a professional chamber, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.

76. Planned licensing of accountants by the law has been revoked.

77. The prices are formed in the market and can be freely negotiated.

78. Bookkeeping services may be provided by persons with a gymnasium (in addition to persons with a diploma in a secondary school of economics).

## **Auditors**

### **Ministry of Finance / Audit Act**

79. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.

80. The authorization for the work of auditors no longer has a time limit, i.e., the extension request every three years is no longer needed, which reduces the administrative burden.

81. The age requirement of 3 months for the confirmation of the authority of the home country on the approval of the auditor's work has been abolished.

82. The minimum shareholding requirement of authorized auditors as members of the audit company's management has been reduced from 75 % to 51%.

83. Only one member of an audit company management board needs to be proficient in the Croatian language instead of a majority of members.

84. The mandatory work experience before obtaining approval to work as an auditor has been reduced from 5 to 4 years.

85. An authorized independent auditor is free to establish more than one audit office, and thus the establishment limitation has been lifted, and, thereby, the option of expanding the business has been created.

86. Professional liability insurance for auditors from another EU Member State has been recognized automatically, and thus duplication of contracting another professional liability insurance has been removed.

87. Cooperation with other EU Member States is mandatory regarding harmonization of the requirement on professional qualifications of auditors.

- 88. The free formation of prices has been retained.
- 89. Advertising is ensured for auditors.
- 90. Linked companies of an audit company are free to provide certain tax consulting services to audit clients of the public interest.
- 91. An audit client may be provided with tax services regarding the preparation of tax forms, assistance at tax inspections, tax calculation, and tax advising.
- 92. Independent public supervision of audit services has been introduced, without the influence of the Chamber.
- 93. The Chamber contribution and membership fee have been reduced.
- 94. The examination fee has been reduced.
- 95. Competition in prices and organizers of professional training for audit exams has been enabled, and the training costs have been reduced.

## **Tax advisors**

### **Ministry of Finance / Tax Consultancy Act**

- 96. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 97. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation to the initial registration of a company, obtain approval, membership in a professional chamber, or wait for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 98. The freedom to provide cross-border services has been enabled for natural and legal persons with permanent residence in OECD countries.
- 99. The requirement that 51% of ownership interests or membership has to be held by tax advisors in a tax consultancy company has been abolished.
- 100. It has been provided for any natural or legal person to have the full scope of the founding rights in a tax consultancy company (with at least one licensed tax advisor) instead of the founders being only tax advisors.
- 101. The ban on employment with another natural or legal person has been lifted for self-employed tax advisors.

102. It has been provided for tax advisors to participate in tax administrative matters before administrative courts.
103. The right to take a professional exam for tax advisors has been granted to applicants with graduate or master's degrees and three years of relevant work experience.
104. The right to take a professional exam for tax advisors has been granted to applicants with specialist studies and five years of relevant work experience.
105. The statutory right of the Chamber to impose fees for tax consultancy services has been abolished.
106. The free price formation and negotiation of tax advisory services have been enabled.
107. Advertising is enabled for tax advisors.
108. The limitation of legal form to a limited liability company has been removed.
109. A limitation that a citizen of an EEA state may establish only a branch office for tax advising and not some other type of establishment has been lifted.
110. An obligation that a tax advisor from the EU has to nominate a proxy for receiving documents if it provides the services on a temporary and occasional basis has been canceled.
111. Limited tax advisory services may be conducted only by certified independent auditors and audit companies within the scope of their activity.
112. A requirement that the amount of minimum capital for tax advisors should be higher than the standard one for a limited liability company (d.o.o.) has been revoked.
113. Qualified applicants have been exempted from the obligation to take certain sections of the professional exam for tax advisors. Applicants who pass the exam "Accounting, Financial Reports and Auditing", when taking the auditing exam, in addition to the application for the tax advisor exam, have to submit a certificate issued by the Croatian Auditing Chamber that they have passed the exam and that they did not lose the status of an auditor.
114. A part of the professional exam "Tax Act in the Republic of Croatia", formerly taken only as an oral exam, is now also a written exam.
115. An independent appeal procedure is also available in electronic form for applicants who take a professional exam for tax advisors.



## Lawyers

Ministry of Justice, Public Administration and Digital Transformation / Legal Profession Act; Ordinance on Legal Advertising and Website; Tariff on remuneration and reimbursement of expenses for the work of lawyers

116. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
117. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company and membership in a professional chamber.
118. Excessive requirements on the criteria for EU lawyers taking the exam regarding the Croatian legal system have been removed from the recognition of professional qualifications for practicing a regulated profession – a lawyer – in Croatia.
119. The following administrative requirements have been removed: enrolling foreign lawyers on the list of lawyers, proof of nationality, certified translation, and documents not older than three months.
120. The obligation of submitting a notification to the Croatian Bar Association on their intention to provide services in Croatia (except for the representation) has been removed for lawyers from EU Member States not enrolled on the list of foreign lawyers.
121. The fee for chamber registration of EUR 5,000 when re-entering the legal profession has been abolished.
122. The fee for the first admission to the Croatian Bar Association has been reduced by 40%.
123. Lawyers from other EU Member States may use the Croatian word for a lawyer (*odvjetnik*) if they select one of the following two principles: If they pass the exam on the Croatian legal system, or if they work in Croatia as lawyers under the same professional title as in their home country, provided that they prove efficient and regular legal practice under the same professional title as in their home country for a minimum period of three years.
124. Joint provision of services of lawyers established in Croatia and any EU Member State has been enabled.
125. Advertising of lawyers is permitted under the condition that the information contained therein is accurate, authentic, objective, and not misleading. The time-consuming procedure of prior approval by the Chamber of a lawyer's website, i.e., of information contained therein, is no longer required. The information available on the website

is no longer strictly administered. Client information may be published on the website only with their prior consent. Lawyers may unilaterally communicate their services on social networks.

126. It is possible to determine the price of legal services more flexibly, that in all legal matters, lawyers can agree with the client in writing to work on an hourly basis, whereby they are not obliged to adhere to the minimum hourly rate.
127. Branch offices of law firms from EU Member States may provide consulting services on Croatian law, the law of their home country, European law, and international law.
128. Croatian lawyers may provide their services in companies in other EU Member States.
129. Lawyers from other EU Member States may start law firms in Croatia without the obligation of waiting to have equal status with Croatian lawyers.
130. Lawyers from other EU Member States have been provided with an option to jointly provide services with Croatian lawyers or lawyers from other EU Member States, without the obligation of waiting to have an equal status with Croatian lawyers.
131. A law firm may establish another law firm.
132. A limitation on the number of law firms to be established by the same lawyer has been removed.
133. It is possible to start employment as a lawyer with another lawyer who independently practices the legal profession and within a joint law firm.
134. Lawyers who, without a justified cause, do not practice their profession for more than 6 months will no longer be deleted from the register.
135. The cessation of the right to provide lawyer services for Croatian lawyers established in other EU Member States in the event of employment outside a law firm has been revoked.
136. Within the process of professional qualification verification for lawyers from other EU Member States who plan to work in Croatia under the title of a lawyer (*odvjetnik*), every individual request will be considered so that the professional exam will be adapted to the acquired qualifications and competences of each applicant.

## Public notaries

- 137. The time required for work experience in legal matters after passing the bar exam to acquire the conditions for taking the notary exam has been reduced.
- 138. A shorter duration of the conditions of service in legal affairs was determined after passing the bar examination required for the appointment of public notaries.

### **Engineers of traffic and transport technology**

Ministry of the Sea, Transport and Infrastructure / Act on the Croatian Chamber of Engineers of Traffic and Transport Technology

- 139. Engineers of traffic and transport technology are entitled to be registered at the Chamber, however, they are not obliged to do so, as originally planned.

### **Taxi and road transport**

Ministry of the Sea, Transport and Infrastructure / Road Transport Act

- 140. Free and equal market conditions for existing and new business models have been provided.
- 141. It is possible to send documentation via e-service, which simplifies and speeds up several licensing procedures concerning internal road transport: transport of goods; public transport of passengers; special forms of transport of passengers; notification of a new vehicle; vehicle deregistration; and driving license.
- 142. It is possible to send documentation via e-service, which simplifies and speeds up several licensing procedures concerning international road transport: Community license for carrying out the carriage of passengers in international road traffic; Community license for carrying out the carriage of goods in international road transport; notification of a new vehicle in international road traffic; check-out of vehicles in international road traffic; and certificate for non-EU drivers.
- 143. The number of requirements for obtaining a license has been reduced, i.e., a mandatory three-year skilled-driver course has been removed.

- 144. The procedure of obtaining a driving license is simplified so that it is issued within 15 days from the day of applying.
- 145. If the license is not issued within the stated time, the competent Ministry of Maritime Affairs, Transport, and Infrastructure will issue a decision within the following 15 days.
- 146. The content of the exam has been simplified, and the exam fee has been reduced.
- 147. The maximum fee for a license may not amount to more than 10% of the net salary in the territory of the local self-government unit issuing the license.
- 148. A driver may have a copy of the driving license in the vehicle instead of the original.
- 149. The right of the local government units to limit the number of licenses has been canceled.
- 150. The license does not depend on the establishment and permanent residence of a taxi driver anymore, and it may be obtained in any unit of local self-government regardless of their number.
- 151. Prices may be established on a market basis.
- 152. Driving services may be paid via e-application, not only by a taximeter, which is important for digital platforms within the framework of economic cooperation.
- 153. Taxi drivers from other EU Member States are entitled to freedom of establishment in Croatia as well as the ones from third countries if the aforementioned has been regulated under the international treaty.
- 154. Companies established in another EU/EEA country are allowed to use leased vehicles for road transport of cargo that are registered and put into circulation in another member state.
- 155. The automated provision of taxi and road transport services is enabled.
- 156. Transport services in internal public transport can also be provided by carriers from the EU or those who perform international road transport.

## **Driving schools**

### **Ministry of the Interior / Road Traffic Safety Act**

- 157. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.

- 158. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment.
- 159. Driving schools may independently set their prices without regulated minimum prices.
- 160. The driving schools' network has been terminated because it served to limit the allowed number of driving schools per territory of each county and depending on the number of applicants, under the justification of market demand.
- 161. Freedom of contracting a job on a full-time or part-time basis has been enabled for driving schools to adapt their work to market demand.
- 162. A driving school may train driving candidates outside the area of the registered office, i.e., in branch offices.
- 163. Driving schools will no longer be under obligation to change their cars every 7 years, i.e., their buses every 12 years. Considering that it is assumed that all the vehicles have undergone a technical inspection, driving schools may use 10-year-old cars and 15-year-old buses, which will result in financial savings.

## **Retail distribution**

### **Ministry of Economy / Retail Trade Act**

- 164. Documents may be sent by e-mail or e-service, and the procedure of checking minimum technical requirements is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 165. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services.
- 166. Retailers no longer have the obligation of attesting scales every year, but every two years.
- 167. Continuation of retail activity without issuing a new decision on meeting minimum technical requirements has been enabled, which then ensures a simplification of opening new retail stores without an additional burden.
- 168. The procedure for obtaining approval for building large shopping malls has been annulled, with an economic justification for their opening.
- 169. The storage area for wholesale may be less than 50m<sup>2</sup> (but not smaller than 25m<sup>2</sup>).
- 170. More selling facilities of the same trader in different locations to use joint storage have been enabled.

- 171. The procedure for obtaining approval for conducting a wholesale activity for certain types of petroleum products and biofuels has been annulled, thus including the fees.
- 172. The obligation of disposing of specially equipped storage for the wholesale of petroleum products and biofuels has been removed, which has enabled direct retail network access to wholesalers and importers.

## **Tourism and tourist guides**

### **Ministry of Tourism and Sports / Act on the Provision of Tourism Services**

- 173. Documents may be sent by e-service or e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 174. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company, obtaining approval, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 175. The obligation of proving capacity for work as a prerequisite to being a tourist guide has been cancelled.
- 176. The obligation of taking professional exams for tourist guides in every country has been cancelled.
- 177. The obligation of proving that no ongoing safety measure or protective measure prohibiting a tourist guide from working has been issued by a final judgment or a decision on misdemeanors to a person who wants to provide tourist guide services has been cancelled.
- 178. The obligation of proving that no ongoing safety measure or protective measure prohibiting a person from working as an office manager has been issued by a final judgment or a decision on misdemeanor to a person who wants to provide office management services has been canceled.
- 179. Regulation of the professions of a tour guide and a tour manager has been revoked.
- 180. The limitation on the number of employees for online tourist agencies in residential premises has been lifted.
- 181. The limitation for online tourist agencies operating in residential premises that office managers need to have registered permanent residence in such premises has been lifted.
- 182. The obligation for tourist guides and heads of travel agencies from other EU/EEA countries to submit a statement regarding professional qualifications exclusively on the prescribed form has been abolished.

183. Obligatory work experience for managers of tourist agencies has been removed.
184. The fee for taking the professional exam travel agency manager has been abolished.
185. The obligation to attend lectures before taking the professional exam for a travel agency manager has been abolished.
186. The obligatory B2 language level for at least one foreign language for managers of tourist agencies has been removed.
187. The obligation of tourist agencies to have an office manager in each branch office or business premises has been removed.
188. The obligation of using a tourist agency ID code has been removed.
189. The obligation of delivering tourist agency representation contracts to the Ministry of Tourism has been removed.
190. The administrative procedure of obtaining a decision on meeting the minimum technical requirements for the provision of tourist agency services has been canceled; it is only required to notify the Ministry at the start of the service provision.
191. The obligation of proving capacity for work as a prerequisite for a tourist agency manager has been removed.
192. The obligation of attending seminars before taking the licensing exam for the office manager of a tourist agency has been removed.
193. The procedure of obtaining a decision on approving the provision of tourist services on a family farm has been canceled.
194. A procedure of obtaining a decision on approving the provision of services for a special type of tourist offer, about meeting the minimum technical requirements (farm, health, cultural, wellness, congress, youth, adventure, hunting, sport, and golf tourism; sport or recreational sea fishing, diving tourism, sport freshwater fishing as a supporting activity to aquafarming of fish, cramps, and shells and so on) and a procedure of obtaining a decision on other tourist services (renting instruments and equipment for sports and recreation) have been canceled.
195. The group of service providers in the sector of health and congress tourism has been extended.
196. The provision of tourist services in health tourism has been enabled to other health institutions and the private health sector, in addition to special hospitals and sanatoria.

## Catering

### Ministry of Tourism and Sports / Hospitality and Catering Industry Act

- 197. Documents may be sent by e-service or by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 198. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation to initial registration of a company, obtaining approval, membership in a professional chamber, or waiting for a prior check; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 199. The requirement of annulment of the decision for a hospitality facility that fails to start the service within nine months has been removed.
- 200. The requirement for lessors to obtain a certificate from an authorized health institution proving that they or a member of their household living in the same building or an apartment, have not been registered as patients suffering from a registered contagious disease or as mental patients who, due to their condition, may present a disturbing element to their surroundings, has been canceled.
- 201. Hospitality services may be provided by the private health sector as well.
- 202. The procedure of re-categorization of hospitality facilities has been simplified and the fee for categorization of the accommodation facilities has been removed.

## Employment agency

### Ministry of Labour, Pension System, Family and Social Policy / Labor Market Act

- 203. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 204. The obligation of obtaining a license for work in an employment agency has been removed.



## Psychotherapists

Ministry of Labour, Pension System, Family and Social Policy / Psychotherapy Act

- 205. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 206. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company, obtaining approval, or membership in a professional chamber; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 207. Cross-border recognition of professional liability insurance has been provided.
- 208. The permit is no longer time-limited.
- 209. There are no limitations regarding the legal form.
- 210. There are no limitations regarding the number of offices.
- 211. Prices of private psychotherapists may be formed by market requirements.
- 212. Freedom to provide advisory services is retained, while a psychotherapist may only be the person holding the title.
- 213. The number of university programs completed, which is a requirement for access to the profession, has increased.

## Psychologists

Ministry of Labour, Pension System, Family and Social Policy / Psychological Activity Act

- 214. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 215. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation

for the initial registration of a company, obtaining approval, or membership in a professional chamber; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.

- 216. An option of deleting trainees from the register if they fail to pass the exam within three years from the day of acquiring status to take the exam has been removed.
- 217. Psychologists who lost their right to practice the profession for not complying with the obligation of professional development may again acquire the right to practice their profession.
- 218. Psychologists with more than ten years of professional work experience, or the ones who passed the professional exam or the State exam of the second level, or who hold postgraduate MA degree or Ph.D., and are not members of the Chamber and do not have the right to practice their profession, may within three years of transitional period pass the professional exam for psychologists, without obligation of traineeship to be authorized to practice the profession.

## **Intellectual property**

### **State Intellectual Property Office / Act on Copyright and Related Rights**

- 219. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 220. Cross-border recognition of qualifications for patent and trademark attorneys is enabled.
- 221. Temporary and occasional provision of patent and trademark attorney services is enabled without the obligation to establish service providers from the European Economic Area.
- 222. The possibility of providing patent and trademark attorney services from the OECD Code of Conduct on the Liberalization of Capital Movements and the Code on the Liberalization of Invisible Transactions is open.

## **Private detectives**

### **Ministry of the Interior / Private Detectives Act**

- 223. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.

224. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation of the initial registration of a company, residency, and examination or language proficiency; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
225. Certain obligations regarding special physical and technical conditions of business premises for private detectives have been canceled in such a way that waiting rooms, the minimum size of premises (30m<sup>2</sup>), and fax machines are no longer required.

## **Veterinarians**

Ministry of Agriculture, Forestry and Fisheries / Veterinary Act; Ordinance on the procedure of recognition of professional qualifications and requirements for the temporary or occasional provision of veterinary services

226. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
227. Automatic recognition of professional qualifications has been enabled.
228. The procedure of obtaining approval from the competent veterinary office for opening a veterinary pharmacy has been canceled.
229. The mandatory professional work experience to be appointed as a certified veterinarian has been reduced from two years to six months.
230. The obligation to submit a certificate of no criminal record for veterinarians has been abolished.
231. The age limit for written evidence of the validity of a veterinary license has been reduced from one to six months.
232. The obligation to submit evidence in the form of originals, certified copies, or certified translations by an authorized permanent court interpreter has been abolished if the verification is carried out via the IMI system.

## Environmental protection

Ministry of Environmental Protection and Green Transition / Environment Protection Act; Law on Climate Change and Protection of the Ozone Layer

- 233. It is possible to send documentation via e-service, which simplifies and speeds up the permitting procedure for collecting, checking leakage, installing, and servicing refrigeration, air conditioning, and heat pumps containing or relying on controlled substances or fluorinated greenhouse gases (solution).
- 234. It is possible to send documentation via e-service, which simplifies and speeds up the permitting procedure for import/export and market placement of controlled substances and/or fluorinated greenhouse gases.
- 235. It is possible to send documentation via e-service, which simplifies and speeds up the permitting procedure for air conditioners in motor vehicles.
- 236. It is possible to send documentation via e-service, which simplifies and speeds up several permitting procedures concerning air protection: air quality monitoring activities; monitoring pollutant emissions to air from stationary sources; checking the correctness of the measurement system for continuous measurement of pollutant emissions to air from stationary sources; and quality assurance of measurement and air quality data.
- 237. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 238. It is not required to renew approval to perform professional activities of environmental protection every three years, but every five years.
- 239. Conditions for the working premises of an office manager responsible for the professional work of environmental protection have been removed.
- 240. The obligation of participating and paying the costs of a professional council in the procedure of obtaining approval for the policy of preventing major misfortunes in the sector of protection has been removed.

## Private museums, libraries, and theatres

Ministry of Culture and Media / Museums Act; Theatres Act; Act on Library Activities and Libraries

241. Restrictions on the legal form of the establishment of private museums, libraries, and theatres have been lifted, and freedom of establishment of private museums, libraries, and theatres has been ensured.

### **Private archives**

Ministry of Culture and Media / Archives and Archival Institutions Act

242. The mandatory feasibility study on the establishment of private archives has been withdrawn.

### **Private undertakers**

Ministry of Economy / Funeral Activity Act

243. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
244. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
245. Professional liability insurance from another EU Member State has been recognized.

### **Media and paper press**

Ministry of Culture and Media / Media Act

246. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services.

## **Social welfare**

Ministry of Labour, Pension System, Family and Social Policy / Social Welfare Act

- 247. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 248. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.

## **Nannies**

Ministry of Labour, Pension System, Family and Social Policy / Nannies Act

- 249. The procedure is simplified and accelerated.
- 250. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.

## **Private educational institutions and scientific institutes**

Ministry of Science, Education and Youth / Education Act; Quality Assurance in Science and Higher Education Act; Adult Education Act

- 251. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.

- 252. By opening this market to competition, private service providers from the European Economic Area are entitled to freedom of establishment, and freedom to provide cross-border services is enabled for adult education services when it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 253. Private kindergartens and private elementary schools no longer have to prove the justification for their establishment.
- 254. Private higher education institutions and private scientific institutes no longer have to prove through a study paper that the establishment and study program is justified.
- 255. Private higher education institutions and scientific institutes do not have to obtain the opinion of the National Council for Science, Higher Education and Technological Development on the need for establishment.
- 256. The obligation to obtain approval for the establishment of a higher education institution and a scientific institute has been canceled.
- 257. Restrictions or waiting for one year to initiate a new accreditation procedure, if the procedure ends negatively, have been lifted.
- 258. Accreditation of a joint study of a domestic and foreign higher education institution is enabled while enabling the selection or recognition of initial accreditation through another agency within the framework of the European Quality Assurance Register for Higher Education.
- 259. There are no more legal form restrictions for private higher education institutions and private scientific institutes regarding natural and legal persons as founders.

## **Education and rehabilitation services**

Ministry of Labour, Pension System, Family and Social Policy / Act on Education and Rehabilitation Services

- 260. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
- 261. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.

- 262. Cross-border recognition of professional liability insurance has been provided.
- 263. The minimum price setting has been canceled.

## **Pharmacists**

Ministry of Health / Pharmaceutical Affairs Act; Ordinance on standards and norms on premises, medical devices, and healthcare workers; Ordinance on start and end time, i.e., the work schedule of healthcare institutions and private healthcare workers in offices of public healthcare service network; Ordinance on pharmaceutical advertising

- 264. Excessive minimum requirements for pharmacy facilities have been reduced.
- 265. Requirements for pharmaceutical advertising have been reduced.
- 266. Regulations about the opening hours of pharmacies have been reduced.

## **Physiotherapists**

Ministry of Health / Act on Physiotherapy; Decision on the invitation to tender for the conclusion of the healthcare service provision contract about mandatory health insurance for the provision of private physiotherapy practice; Ordinance on physical therapy advertising methods

- 267. Requirements for physiotherapy advertising have been reduced, provided that professional standards are respected.
- 268. Physiotherapists have been provided with equal requirements to participate in public tenders on the provision of physiotherapy services. The Croatian Institute for Health Insurance has issued a Decision on an invitation to tender for the conclusion of the healthcare service-provision contract about mandatory health insurance for private physiotherapy practice.

## **Dentists**

Ministry of Health / Act on Dental Medicine



269. The obligation for dentists from EU Member States to pass the professional exam has been canceled.

## **Air-conditioner maintenance**

Ministry of Environmental Protection and Green Transition / Act on Climate Change and Protection of Ozone Layer

270. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.

271. Licensing exam passed in another EEA state is recognized (and it is mandatory by the EU law).

272. People who have higher qualifications in the field of mechanical engineering, persons who completed secondary vocational school, persons having master craftsman's certificate or having master craftsman's status in the field of installation and maintenance or servicing the air-conditioners, i.e. persons who passed the vocational exam before entering into the procedure of obtaining the approval, have been exempted from the obligation to pass the vocational exam (mandatory by the EU law).

## **Private security guards**

Ministry of the Interior / Act on Private Security

273. Documents may be sent by e-mail or e-service, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.

274. Equal conditions for the provision of private protection services to natural and legal persons from EU/EEA states have been set.

275. It has been provided for natural and legal persons from EU/EEA countries to provide private protection services on an occasional basis for a maximum of four times per year.

276. Security guards may be persons who have completed primary school education.

## **Chemicals**

Ministry of Health / Act on Chemicals

277. The procedure for obtaining approval to conduct activities related to dangerous chemicals has been canceled.

## **Sports**

Ministry of Tourism and Sport / Sports Act

278. Documents may be sent by e-mail, and the procedure is thus simplified and accelerated. All information on the conditions is available at the Point of Single Contact for services.
279. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
280. Limitations of legal form have been lifted so that craftsmen as natural persons may be engaged in sports business.

## **Energy**

Ministry of Economy / Act on Electricity Market; Act on the Market of Oil and Petroleum Products; Act on Gas; Law on Establishment of Infrastructure for Alternative Fuels

281. Providers of electricity and gas from other countries of the European Economic Area are guaranteed freedom of establishment.
282. The category of privileged and tariff customers for gas and electricity has been canceled.

- 283. The obligation of gas producers to sell the total volume of natural gas produced to suppliers on the territory of the Republic of Croatia has been canceled.
- 284. Free choice of electric energy suppliers for charging electric vehicles in public areas has been introduced.

## **Pilots and nautical affairs**

Ministry of Maritime Affairs, Transport and Infrastructure / Act on Croatian Register of Shipping

- 285. The provision of services in nautical tourism has been simplified.
- 286. The procedure for compulsory pilotage exemption has been simplified in a way that in the procedure for issuing the approval upon the request of the ship's owner, the operator of the ship, or the company it is necessary that the ship fulfills only the safe ship management requirements, and that the ship's master holds the Pilotage Exemption Certificate. Regarding the procedure for compulsory pilotage exemption, a criterion has been introduced for obtaining the Certificate regardless of the ship's length, and the requirements for obtaining the Pilotage Exemption Certificate have been simplified in a way that the division on ships with less than 50 meters in length and on ships exceeding 50 meters in length has been removed, and the time limit for the professional work experience as the ship's master has been reduced from the minimum 36 months to the minimum 12 months. The validity of the Pilotage Exemption Certificate has been extended from 2 to 4 years.

## **Postal services**

Ministry of Maritime Affairs, Transport and Infrastructure / Postal Services Act

- 287. Freedom of establishment and freedom to provide cross-border services have been enabled to providers of postal services from the European Economic Area.
- 288. The monopoly on the provision of reserved postal services has been terminated.
- 289. There are no legal form limitations for the provision of postal services.
- 290. The cross-border provision of postal services in terms of parcel delivery has been simplified.

## Healthcare

### Ministry of Health / Healthcare Act

- 291. The system of private offices has been introduced in the primary healthcare service.
- 292. Private practice in offices without concession has been defined, i.e., without a time-limited license.
- 293. Private healthcare workers may provide healthcare services in dislocated premises, i.e., locations, as in special vehicles.
- 294. The development of services in private healthcare tourism has been facilitated.
- 295. Healthcare institutions, healthcare companies, and private healthcare workers may provide healthcare services in medical tourism.

## Related crafts

### Ministry of Economy / Crafts Act

- 296. By opening this market to competition, service providers from the European Economic Area are entitled to freedom of establishment and freedom to provide cross-border services. As regards the latter, there is no obligation for the initial registration of a company, passing the exam, professional chamber registration, and language proficiency; it is sufficient to send an e-notification to the Point of Single Contact or directly to the competent authority.
- 297. The seasonal duration of a craft business has been extended from six to nine months.
- 298. Two years of work experience in a related craft business is sufficient, provided that a person has adequate secondary school qualifications. The exam certificate is required; however, persons may provide services without the exam certificate if they start a company.
- 299. Master craftsman's certificate is not required, but an adequate secondary school qualification for a craft business such as dairymen, bakers, leather craftsmen, photographers, founders, blacksmiths, tinsmiths, boat mechanics, stove fitters, mechanics for agricultural machinery, air conditioning and heating mechanics, plumbers, roofers, musical instrument manufacturers and repairers, organ builders, upholsterers, watchmakers, electronics mechanics, plasterers, painters and decorators, car-bodyworkers, car painters, beauticians, and sign painters.

## **Business establishment**

Ministry of Economy / Ministry of Justice, Administration and Digital Transformation

300. Electronic registration of a business establishment through trade companies and trades is enabled.  
Regulated professions.

## **Regulated professions**

Ministry of Labour, Pension System, Family and Social Policy / Act on Regulated Professions and Recognition of Foreign Professional Qualifications

- 301. A general system of recognition of professional qualifications from third countries has been introduced.
- 302. European Professional Card issued for temporary and occasional provision of services automatically grants the right to perform a profession, without the requirement of fulfilling additional conditions.
- 303. Persons from third countries may provide regulated professional services under the same conditions applied to Croatian citizens (provided that they have three years of professional experience in the territory of a Member State that recognized professional qualification acquired in the third country, which is proved by a certificate from that country).
- 304. Automatic recognition of professional qualifications for doctors of medicine, doctors of dental medicine, midwives, pharmacists, and nurses from EU Member States has been introduced, and they are entitled to freedom of establishment in Croatia.
- 305. For cross-border provision of services by regulated professions, it is possible to submit a declaration to the competent authority or the Single Point of Contact for Services.

## **Foundations**

Ministry of Justice, Public Administration and Digital Transformation / Act on Foundations

- 306. The procedure of establishing a trust has been facilitated.
- 307. The time limit to establish a trust or its duration has been canceled.
- 308. Trusts may be established by domestic or foreign natural or legal persons, which removes the limitations in terms of legal forms.
- 309. An obligation to seek consent for the trust is no longer prescribed.
- 310. The obligation of obtaining approval for a trust is no longer required. Trusts may provide economic activities, i.e., provide services.

## Annex I. OECD PMR methodology

### ➤ New PMR 2023 report – the Croatian economy is roughly within the OECD average

**Deregulation of market entry:** When the PMR 2018 and 2023 reports are compared, the Croatian economy achieved deregulation by 20% (reduction in regulatory restrictiveness from 1.72 to 1.39), and further to the previously implemented deregulation by 30%. Namely, according to PMR 2018, Croatia has already entered the EU and OECD average, while according to PMR 2013, it was among the most regulated economies within that framework.

Due to the large scope of state-owned enterprises (SOEs) in the area of *Distortions Induced by State Involvement*, the Croatian economy is 12% more restrictive than the OECD average, and after a 10% deregulation compared to PMR 2013. On the other hand, the Croatian economy is 6% less restrictive than the OECD average in the area that measures *Barriers to Domestic and Foreign Entry*, with a 30% deregulation compared to PMR 2013 and the level of regulation achieved in Estonia, Latvia, Slovenia, Italy, and Finland. At the same time, Croatia does not (anymore) regulate prices and tariffs in many sectors, except for notaries, lawyers, and prescription medicines.

**Professional services:** The main professional services (accountants, architects, civil engineers, real estate agents, and lawyers combined) are significantly below the OECD (25%) and EU (30%) averages and within the ten least regulated in the EU; at the same time, these professions are less regulated than in Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Slovenia, Germany, Austria, Hungary, Italy, and Luxembourg, and more so than in the Northern European countries, Spain and Switzerland, while Italy, Austria, Hungary, Slovenia, and Slovakia are the most restrictive in the EU. Further to the results of the Croatian services market liberalization in particular professions, the following can be seen: The absence of licensing and any regulation of accounting services (0.00), the introduction of which was prevented many years ago, contributes to the overall result. Services of architects (0.86) are 45% and civil engineers (0.86) 35% less regulated than the OECD average, and the market is already open to the entire OECD and WTO. The services of real estate agents (0.71) are relatively low-regulated, however, due to high competition, they are slightly above the OECD average, i.e. roughly the same as in Denmark and France, and less than in Australia, Austria, Hungary, Italy, Slovenia and Sweden. The services of lawyers (3.14), despite high regulation, are regulated slightly lower than the OECD average, at the level of Denmark, Norway, and Belgium, and lower than in Switzerland, Germany, Hungary, the Czech Republic, Poland, Slovenia, Estonia, Latvia, Lithuania, Luxembourg,

Greece, Ireland, and Iceland; therefore, lower than continental European and Baltic countries with comparable legal systems. Notary services (5.71), despite high regulation, are approximately at the same level as in comparable continental legal systems (Slovakia, Luxembourg, Estonia, Latvia, Hungary, Germany, Austria, etc.) where it is not a market activity (which the OECD considers).

**Retail trade:** The Retail Distribution (1.42) is above the OECD average. In addition, the Retail Sales of Medicines (4.50) is twice the OECD average and the highest in the EU (together with Finland) concerning regulatory restrictiveness.

**Digital services:** Due to the new EU legislative framework for digital services and markets, the regulation of the EU and Croatia is lower compared to the data for 2018 (as it is a new area) and lower than in Canada, Australia, Chile, and non-EU countries.

**Network services:** Network services are below the OECD average, and telecommunications (E-Communications) are twice as low. In particular, energy (1.15) is 14% less regulated than the OECD average, lower than in Canada, Chile, Israel, Japan, Korea, Finland, Poland, Hungary, Norway, and approximately as in Slovakia and Sweden. At the same time, the regulation of energy services was reduced by 30% compared to the previous report, and in the case of natural gas, even more. Furthermore, the transport sector (0.82) is 35% below the OECD average, lower than in Australia, Austria, Chile, the Czech Republic, Slovenia, Switzerland, Estonia, Latvia, Lithuania, Finland, Hungary, Ireland, etc.

**Public procurement:** Public procurement (0.07) is open and competitive.

### **Examples of regulatory requirements and reforms in the area of services**

On the OECD website, under "Underlying data", in a large database, one can see the methodology, indicators, links to sources and information, and based on the scope of the PMR methodology, examples of still existing regulatory requirements that can hinder market entry and competition, as well as examples of already implemented reforms that have an economic effect on the right of establishment and the freedom to provide services.

**Examples of regulatory requirements in the field of services:** application procedure for opening shops and shopping centers after business registration (fulfillment of minimum technical requirements); the requirement to have a warehouse to sell



goods online; the impossibility of online drug trade; certain exclusive rights of pharmacists, real estate agents, court experts, lawyers, and notaries; mandatory memberships in professional chambers for architects, engineers, lawyers, and notaries; territorial restrictions of the establishment of pharmacies and notary offices; shareholding restrictions in law firms to lawyers only; the impossibility of trading shares of law firms on the stock exchange; the absence of publicly available information on the possibility of negotiating the prices of legal services; ban on advertising notaries; fixed tariffs for lawyers and notaries; limitations of multidisciplinary cooperation in the legal professions, etc. Moreover, concerning the excessive regulation of the legal professions, the indicator *Involvement in Business Operations in Service Sectors*, with 2.43, deviates from the OECD average. Namely, notaries and lawyers face restrictions regarding shareholding and voting rights (reserved only for each profession), multidisciplinary cooperation with other professions, and a ban on advertising of notaries.

**Examples of implemented reforms in the field of services:** deregulated prices of taxi services (with an open market without restrictions on the number of licenses); a competitive system of retail distribution of many types of products, with the possibility of online sales, except for prescription medicines; the absence of an economic need test as a basis for a permit to open a shopping center; the absence of nationality protectionism of the main professions; recognition of educational titles and professional exams from other countries (at least the EU); the absence of a ban on advertising lawyers, pharmacies, architects, engineers, real estate agents, accountants (and many other services); absence of territorial restrictions and deregulation of tariffs/prices of architects, engineers, real estate agents, accountants (and many other services and the possibility of freely contracting the price of legal advice despite the tariff); possibility of multidisciplinary cooperation of architects, engineers, real estate agents, accountants (and other services); more pathways to meet qualification requirements for architects and engineers; reduced number of exclusive rights and the absence of such reserved monopolies of authorized architects and engineers on interior and landscape design, feasibility studies, construction cost management (apart from having shared rights related to the construction process); the absence of exclusive rights of lawyers to business consulting and business incorporation; the absence of restrictions on shareholding and voting rights and the legal form of architects, engineers, real estate agents, accountants (and many other services); absence of competition control in the area of gas distribution, supply and storage; open market for passenger and freight rail transport; the absence of water transport price regulation when there is no binding public service; open market for competition in the field of generation and supply of electricity and gas; the existence of an organized market for electricity trade (CROPEX); existence of at least one tool for gas price comparison; free choice of supplier of charging electric vehicles in public areas; reduced scope of special voting rights of the state and the absence of such restrictive rights in the gas and telecommunications sectors; open market of

telecommunications, gas, electricity and (all types of) transportation; open, non-discriminatory, competitive, transparent and electronically accessible public procurement system; digital (one-stop-shop) business start-up (START system), without the obligation to make a seal, publication in the Official Gazette and certification of online business registration by a notary; exemption from the payment of fees for the establishment of crafts (individual businesses) and a reduced court fee for the establishment of a limited liability company; Point of Single Contact for services (psc.hr) and Product Contact Point with updated information on procedures for starting a business and licenses for market access (services and goods); limited number of licenses requiring renewal; the legally prescribed principle of silence of the administration and the "Once-Only Principle" which are applied in more and more cases.

#### ➤ Previous PMR 2018 report

According to OECD data from the five-year report Product Market Regulation (PMR 2018 in comparison with PMR 2013), **the level of regulation of the Croatian economy and the services market has been reduced from the highest level (upon the EU accession) to the average level of the EU and OECD** (before Poland, Slovakia, Malta, Bulgaria, Romania, Austria, France, and Belgium). In the meantime, this Regulation has been lowered below this average (according to the OECD's simulation of facilitating starting a business using the START system), which puts Croatia roughly at the same level of regulation as the Czech Republic, Slovenia, Hungary, Estonia, and Latvia. Within the given **result, the average level of the services market regulation, including main market professions, refers to accountants, architects, engineers, real estate agents, taxi services, sectors of road transport, energy, telecommunications, retail, public procurement, foreign investments, and starting a business.** Here, the total level of regulation of the services market entry is among the ten least regulated in the EU internal market and **slightly below the OECD average.** On the other hand, pharmacies are among the most regulated compared to the EU and OECD (along with Luxembourg, Spain, and Malta). Also, legal services (lawyers and notaries) are more regulated than the EU average, however, they are at the level of comparable countries (Estonia, Hungary, Slovenia, Poland, the Czech Republic, Slovakia, and so on).

#### Additional information

- According to the report (PMR 2013), Croatia had the most regulated economy (with 2.08) upon its entry into the internal market of the European Economic Area. On the other hand, according to the new report (PMR 2018), Croatia

scored 1.43, which is within the EU and OECD average. Accordingly, Croatia was at the levels of Iceland, Chile, Japan, and Israel, and less regulated than Poland, Slovakia, Bulgaria, Romania, Austria, France, and Belgium.

- However, when looking at the e-registration of establishment in real-time (Administrative Burden on Start-ups), Croatia has since the end of 2019 been below the EU and OECD average (with a maximum of 1.35, according to the OECD simulation), and with real corrections to certain data (Interaction with interest groups) and below, as there are public consultations with certain interested stakeholders. Thus, Croatia is roughly at the level of the comparable Czech Republic, Slovenia, Hungary, Estonia, and Latvia.
- Observing the two main segments measured by the PMR, with 1.82 Croatia is above the EU and OECD average in terms of influence by the state-owned enterprises (**Distortions Induced by State Involvement**), and with 1.05 below that average according to **market entry regulation (Barriers to Domestic and Foreign Entry)**, where a company registration, services market entry in more sectors, as well as retail and investments, are observed. In particular, according to market entry regulation, Croatia is among the ten least regulated EU Member States in the internal market, at the level of the Netherlands, Estonia, and Hungary, and it is less regulated than the comparable Czech Republic, Slovakia, Poland, and Romania. Since the electronic registration of a company has been implemented, according to the OECD simulation, the market entry regulation level has been reduced to 0.92, below Slovenia.
- Regarding the **services sector regulation (Barriers in Services Sectors)**, Croatia is at 2.22, among 10 EU Member States with a lower level of regulation, and at the same time with less than, for example, Latvia, Slovakia, Poland, and Romania. Croatia is also close to the OECD average and about 10 % below the EU average.
- As for the **main professional services in the market (Professional Services)**, such as accountants, architects, civil engineers, real estate agents, and lawyers, with 1.48, Croatia is below the EU and OECD average. Here, the Croatian market of professional services is less regulated than the comparable markets of Poland, Latvia, Slovenia, the Czech Republic, Slovakia, Germany, Austria, Romania, and Bulgaria. Also, Croatia has almost the lowest level of regulation for professions among Central European countries that share a similar continental regulatory framework. Furthermore, the **regulation of lawyers** (as well as of notaries) is within the framework of the comparable Central European countries, although it is slightly above the EU average. In comparison with the last PMR, the regulation of lawyers has been slightly reduced (from 5.08 to 3.85), i.e., it is lower than in Hungary, Poland, the Czech Republic, Slovakia, and Slovenia. The level of regulation for architects (from 3.85 to 1.15) and engineers has been reduced so that it is below the EU and OECD average, while engineers are within the EU average. Also, Croatia is among ten EU Member States that do not have licensing for accountants (0.00).

- **The Retail Distribution Sector is open to competition and with 1.22 is somewhat less regulated than the EU and OECD average**, including the comparison with Latvia, Poland, and Slovakia. On the other hand, the regulation of pharmacies is at 4.50 among the most regulated within the EU, and only less than Luxembourg and Spain.
- **Regulation of Network Sectors** has been reduced to a level slightly above the EU and OECD average (from 2.25 to 1.53), and it is lower than for example in Latvia, Lithuania, Poland, and Romania. The regulation has been reduced in the energy sector (from 3.02 to 1.49), from electricity (from 3.85 to 1.50) to natural gas (from 2.16 to 1.48). Furthermore, regulation in the transport sector has been reduced (to 2.15), and regulation of road transport (including taxi service) is among the lowest in the internal market. Regulation of telecommunications is 0.35, within the EU average, and is significantly lower than the OECD average. Over-regulation of mobile telecommunications almost does not exist (0.02), as in several EU Member States such as the Czech Republic and Estonia.

## **Annex II: Union's policies for services market liberalization and expected economic impacts**

In its great strategy titled The Single Market at 30, the Commission highlights the problem of unjustified barriers, including incomplete implementation and enforcement of Single Market rules, **different administrative practices and national regulations, complex procedures, and disproportionate requirements for posting of workers and services**. In this respect, services are important as they account for around 70% of GDP and employment within the Union. The **important role of the SMET is also mentioned in addressing specific barriers and simplifying restrictions for professional service providers**. The Commission considers that **cooperation with Member States in information exchange should be strengthened** to ensure the effective implementation of Single Market rules concerning **powerful vested interests**.

The 2024 Annual Single Market and Competitiveness Report highlights that special attention should be paid to unjustified “gold plating” through regulatory reforms. Therefore, the SMET is important as it can help to remove barriers to the Single Market. A functioning Single Market is a fundamental prerequisite for the Union's competitiveness, and it is measured with two indicators: KPI 1 – cross-border integration, i.e. trade in services should increase share in EU GDP compared to 7.5% 2022; KPI 2 – conformity deficit triggering infringement procedures by the European Commission due to incorrectly transposed directives should be reduced from 1.2% in 2023 to 0.5% at EU level.

The 2023 Annual Single Market Report of the European Commission highlights the importance of **cooperation between the Commission and national institutions** through a **systematic and structured mechanism for cooperation, development, and implementation of public policies for the management of the Single Market for services**. This is relevant as the **services are the basic inputs for production, generating around 38% of the overall value added of industries**.

The 2022 Annual Single Market Report of the European Commission indicates that reducing regulatory restrictiveness on services can increase competitiveness, productivity, investment, and innovation. In particular, **the Commission estimates that ambitious implementation of reforms aimed at reducing regulatory barriers to services to the average level of the five least regulated Member States would contribute to an additional 2.5 percentage points of EU GDP growth**. In this respect, the Commission refers to the updated 2021 restrictiveness indicator for regulation in professional services covering seven key professions. This report refers to the Commission's economic analysis, i.e. A general equilibrium analysis of the economic impact of the post-2006 EU regulation in the services sector in 2022, according to which regulatory reforms aimed at removing barriers to services would have a positive impact on EU GDP growth. Reforms implemented in the period 2007–2017 will make a cumulative contribution to GDP growth of 2.1% by 2027, while **in case of ambitious reforms** (which would lead to deregulation at the level of the five least regulated Member States) the **additional growth potential is estimated at 2.5% in 2027**. **A cumulative combination of the achieved and potential contribution of ambitious reforms in the area of services would therefore make a total contribution to EU GDP growth of 4.6% by 2027, with an increase in employment of around 360 000.**

The 2021 Annual Single Market Report of the European Commission indicates that the Service Directive refers to activities representing 46 % of EU GDP and that full implementation of this Directive at the EU level could raise the level of GDP by 1.7%. It is stated that in 2011 **services generated 40 % of value added of manufacturing industries and exports, and that 25% to 60% of industrial employment relates to services**. The **economic role of the professional and business services sector, representing 13% of the total value added** of the European economy and providing key inputs for many ecosystems, is crucial. As an example, the green transition of the European economy depends in a small part on the performance of the construction sector. Full institutional implementation of the said Union legislation is an important segment of the European strategic framework of the Commission through the Single Market action plan and a document identifying barriers, including thematic relevant overregulation requirements and complex administrative procedures for professional services. With a view to the main professional services, here we have **registration with the professional chamber, restrictions on multidisciplinary**

**activities** and liability insurance; an **excessive number of documents** (certified copies and translations, originals), **additional national requirements** requiring additional compliance obligations; **claims for liability insurance, abundant documentation** (certified copies and translations, originals); **absence of mutual recognition**.

Also, according to the analysis of the European Parliament in 2022 titled Completing the Single Market for Services, **reducing barriers limiting freedom to provide services can bring an additional €279 billion and €457 billion of additional GDP per year to the European economy in two long-term scenarios**. The analysis uses the gravity model that in billion euros measures the impact of removing trade barriers to internal trade in services expressed in GDP (in 2019) and the overall volume of exports of services in the internal market, including specific features of cross-border geographical proximity and distance. In this regard, **regulatory restrictiveness data from the OECD methodology Product Market Regulation 2018** are used, and among the five areas of barriers, the ones in the services sector are primarily observed. The analysis assumes two scenarios of the dynamics of the services market reforms measured at the level of deregulation: 1. **The main scenario assumes a 50% reduction of regulatory barriers compared to the best Member States** (with the lowest level of regulation of services); 2. **The ambitious scenario assumes 80% of deregulation compared to the best Member States**. This provides data for the main scenario of the effect that each EU Member State could expect in terms of an additional increase in the share of services exports in GDP. For Croatia, this is at least 3.5%. It is indicated that the effects are not the same for all Member States and that all Member States can expect the benefits of removing barriers. Furthermore, **the main obstacles to the implementation of the Services Directive are fragmented national rules for services, excessive administrative requirements, complex procedures for services, and the unavailability of information on rules**.

The 2020 European Commission document on Identifying and addressing barriers to the Single Market, indicates that reducing the level of regulatory restrictiveness in the sectors of engineering and architectural services has the **potential to increase market entry rates of new service providers** by up to 10% and 18%. In doing so, costs created by fulfilling national procedures can amount to EUR 10,000. In addition, an analysis by the Commission shows that reducing the level of regulatory restrictiveness in the sector of accounting services and tax advisors has the potential to increase market entry rates of new service providers by up to 15% and the costs created by fulfilling administrative procedures can amount to EUR 10,000. Also, Commission analysis indicates that reducing the regulatory restrictiveness of legal services would increase market entry rates of new service providers by up to 13%.

According to the relevant World Bank 2020 analysis titled License to Compete: Reforming the Regulation of Professions in Croatia, more competition can be the growth engine. This analysis refers to a World Bank survey, which shows that Croatia would have the greatest impact in terms of productivity growth among EU Member States. In particular, total factor productivity could increase on average by 5.7% if regulatory restrictiveness (protecting less productive firms from more productive and efficient firms) were relaxed. Furthermore, services also provide critical inputs for manufacturing. In addition, restrictive licensing requirements shrink the pool of service providers by limiting who is eligible to operate and deterring firm entry and growth. The main reason for fragmented reform and challenging implementation of liberalization, the World Bank sees in vested interests of market incumbents, and this may be overcome by integrating regulatory actions and communicating the cross-cutting nature of reforms. Following this topic, according to a World Bank analysis in 2023, Boosting Productivity to Ensure Future Prosperity in Croatia, there is a problem of services market inefficiencies as a consequence of regulations of professional services that are more stringent than the average among OECD countries, according to 2018 PMR Indicators. Such restrictions protect incumbent firms and raise entry costs, thus affecting productivity, considering that they reduce the availability of high-quality intermediate services for downstream firms. Therefore, the World Bank suggests reducing regulations that limit competition in the professional services market. This may result in increased productivity, allocation of resources, and reduced economic costs of market entry, along with positive spillover effects. This is why the World Bank highlights the role of institutions and policymakers in promoting competition.