00:00:00,140 --> 00:00:09,180 [Speaker 0]

Hello, everyone. You are listening to the EU Lens podcast. My name is Filip Raunić. I'm podcast host in Telegram Croatia's news portal.

00:00:11,660 --> 00:01:01,280 [Speaker 0]

In today's episode of the EU Lens podcast, we're digging into inflation, a problem hitting every European right now, but especially us here in Croatia. How are we actually coping with the fact that life just keep getting more and more expensive? We'll also get into the monetary policy side of things, decisions coming out of the European Central Bank and our, our own Croatian National Bank. We'll hear what ordinary citizens thinks about rising prices, look at how Croatian government is fighting inflation, and talk about how this topic has become political issue number one. So today, we are talking about, uh, inflation, a topic that hasn't really left the news cycle for the last few years, and yet every time the numbers, the new numbers come out, the story shifts a little.

00:01:02,420 --> 00:03:34,980 [Speaker 0]

Let's start, uh, with the fresh data. According to the Eurostat, uh, estimate, annual inflation in the Eurozone stood at 2.8% in June 2026, and that's down for, from 3.2% in May when inflation was at its highest since September 2023. Breaking it down by component, energy was still the biggest driver of Eurozone inflation in June, uh, running at an annual rate of 8.7%, uh, thought that's, uh, well down from 10.8% in May. Services rose 3.2%, uh, food, alcohol, and tobacco rose 1.6%, and Croatia, we are unfortunately still near the top of the European rankings. According to the Croatian Bureau of Statistics, inflation in Croatia in June stood at, uh, 4.5% year on year, measured by the national consumer price index. Measured by the ha- harmonized index, the one comparable across the EU, the figure was 4.2%. Both are down from May. The national index stood at 5.2% and the harmonized index at 4.9%, but that still put us, uh, among the countries with the highest inflation in the entire European, uh, Union. According to Eurostat, only two countries in the Eurozone had h- higher inflation, Lithuania at 5.5% and Bulgaria at 5.3%. Before we get into why, it's worth pausing for a second on what inflation actually is. In simple term, it's the rate at which the general level of prices for goods and services rises over time, meaning the same basket of groceries, the same tank of fuel, or the same rent costs more today than it did a year ago, and the same amount of money buys you less than it used to. Central banks like European Central Bank aim to keep inflation low and stable, typically around 2% a year because that's seen as a sweet spot for healthy, sustainable economic growth without prices spiraling out of control.

00:03:36,920 --> 00:04:20,780 [Speaker 0]

Joining me today is Jasmin Klarić, my colleague, Telegram chief political analyst, and we'll be talking through the political side of, uh, this. Croatia was the last EU member state to adopt the euro, and honestly, a lot of Croatians still aren't entirely comfortable with it, even though it's been almost four years since the switch. Uh, the numbers just don't quite land the same way as euros and the kuna currency we had, uh, before. Jasmin, do you still catch yourself, uh, converting prices back into kuna, or have you fully made the switch to thinking in euro?

00:04:20,780 --> 00:04:45,100 [Speaker 1]

Uh, I'm still converting sometimes, and I always, uh, feel a little bit sick when I do that. Uh, for example, uh, one beer, uh, is now at, uh, cafe, uh, four euros, three and half or four euros. That's 30 kunas, uh, or more, and that's really, that's sick. It was, uh, 10 to 11 kunas three years ago.

00:04:45,100 --> 00:04:48,780 [Speaker 0]

Than two euros, uh, three years ago.

00:04:48,780 --> 00:04:49,050 [Speaker 1]

Yeah, yeah.

00:04:49,050 --> 00:04:54,460 [Speaker 0]

Yeah, and, uh, sitting, you're kind of melt because we are sitting here,

00:04:55,520 --> 00:05:01,260 [Speaker 0]

uh, near the cafe where the half liter of the beer is five euros. [laughs]

00:05:01,260 --> 00:05:02,500 [Speaker 1]

Yeah.

00:05:02,500 --> 00:05:04,500 [Speaker 0]

Uh, yeah, we, we ordered, uh-

00:05:04,500 --> 00:05:06,110 [Speaker 1]

Five euros and counting.

00:05:06,110 --> 00:05:06,240 [Speaker 0]

Five euros and counting.

00:05:06,240 --> 00:05:08,440 [Speaker 1]

It's going to be more. Are you crazy?

00:05:08,440 --> 00:05:45,719 [Speaker 0]

Yeah, yeah, yeah. We are not going live, so [laughs] maybe that, that, that beer will be kind of, uh, five and a half when [laughs] this podcast will be, uh, published. Uh, only joking, but, uh, we ordered, uh, today before this, uh, podcast a meal and a pizza. Quattro Stagioni, 14 euros. Burger, 10 euros. I did grilled chicken with, uh, vegetables, 12 euros, and when you convert it to kunas, it's 100 kunas or even more per meal. For Croatian, uh, listening, it's really shocking, right?

00:05:45,720 --> 00:05:56,760 [Speaker 1]

Come on, Quattro Formaggi is, uh, uh, cheaper than 14 euros in, in the middle of Rome. In the tourist traps, it's cheaper than 14 euros, but in Croatia,

00:05:58,140 --> 00:05:58,920 [Speaker 1]

it's not.

00:05:58,920 --> 00:05:59,320 [Speaker 0]

Yes.

00:05:59,320 --> 00:06:00,440 [Speaker 1]

We are the champions.

00:06:00,440 --> 00:06:03,920 [Speaker 0]

Yes. Yes. Thank you. For now.

00:06:03,920 --> 00:06:26,360 [Speaker 0]

Before we get into the European Central Bank decisions and the underlying causes of all of it, let's first hear what ordinary Europeans actually think about it. Our colleague Irena Ferlunga Sparovic put together a piece on how Europeans are feeling about the fact that life just keeps getting more and more expensive.

00:06:26,360 --> 00:07:15,560 [Speaker 2]

So what do Europeans think about rising prices and the cost of living? Well, judging by recent poll results, Europeans are concerned, even more so than they were a few months ago. For an increasing number of EU citizens, inflation, rising prices, and the cost of living have moved to the top of the priority list. A survey published in June on Europeans' perception of the economy shows that citizens are particularly concerned about the uncertainty linked to global political tensions and a declining standard of living. According to the poll, these are the top two concerns for 40% of Europeans. The fieldwork was conducted at the end of March, at the time when the world was already worried about the potential long-term impact of the blockade of the Strait of Hormuz.

00:07:16,720 --> 00:07:44,180 [Speaker 2]

A second survey, released in July, confirmed that the cost of living and inflation remain among key issues across the bloc. Nearly half of Europeans now want the European Parliament to address this as a priority, a six percentage point increase compared to last autumn. According to the report, this shift indicates that pressures on household budgets and purchasing power have intensified.

00:07:45,210 --> 00:08:47,560 [Speaker 2]

At the national level, inflation, rising prices, and the cost of living are the most frequently mentioned priorities in 17 member states, which is four more than last year. The highest levels of concern were recorded in Portugal, Bulgaria, and Croatia, where the figure exceeds 60%. Elsewhere, it is considered a priority by 52% of respondents in Austria, 46% in Germany, 44% in Latvia, and 41% in Poland. A survey on EU challenges and priorities conducted for the European Commission and published last week confirmed similar trends. For Europeans, the cost of living remains the EU's top challenge, followed by the war in Ukraine and irregular migration. However, national differences remain significant. For instance, while the cost of living is seen as the main challenge by 52% of Croatian citizens, only 28% of respondents in Poland share that view.

00:08:49,620 --> 00:11:06,720 [Speaker 0]

So why has this become a headline story across Europe again? It's really been three big back-to-back shocks over the last few years, each one pushing prices higher all over again. The first was the COVID-19 pandemic. Lockdowns around the world broke global supply chains almost overnight. Factories had shut down, shipping containers piled up in the wrong ports, and producers simply couldn't get the parts and the raw material they needed. Then once economies reopened, consumers who'd been stuck at home for months went on spending spree with the savings they built up while supply was still struggling to catch up. That mismatch between surging demand and constrained supply is what first pushed inflation sharply high, higher across the developed world. Then came the war in Ukraine from 2022 onward. Russia and Ukraine are both ma-major exports of grain, fertilizer, and energy, so the invasion disrupted European food and energy supplies almost immediately. Gas prices speak to the record high that winter, and that fed straight through, through into everything from households' heating bills to the cost of production and transporting food, pushing the Eurozone into double-digit inflation, something it hadn't seen in decades. And finally, the freshest and currently most relevant shock, the war in the Middle East, the war with Iran, which escalated in March 2026. Disruptions to shipping through the Strait of Hormuz, one of the world's most important routes for oil tankers, and attacks on energy infrastructure in the Gulf very quickly spilled over into global oil and gas prices. That's why Eurozone inflation accelerated from under 2% at the start of the year to 3.2% in May. Energy alone was running about 10% year on year in that stretch. So through a pandemic, uh, war in Ukraine, and now war in the Middle East, inflation keeps coming back to the Eurozone in waves. But why is Croatia specifically, instead of tracking the Eurozone average that keeps sitting near the top of that list?

00:11:07,820 --> 00:11:14,720 [Speaker 0]

Let's take it step by step. First, the European picture, then we'll zoom into domestic one.

00:11:16,900 --> 00:11:59,360 [Speaker 0]

Now let's hear from the person who's literally setting monetary policy for the Eurozone in response to all of this. This comes from the ECB Governing Council meeting held in Frankfurt on June 11th. At that meeting, the ECB raised all three of its key interest rates by 25 basic points. That means quarter of a percentage. Its, uh, first hike since September 2023, taking the deposit facility rate to 2.25%. Christine Lagarde, President of the European Central Bank, explains the decision at the press conference that followed.

00:11:59,360 --> 00:15:01,096 [Speaker 3]

The Governing Council is committed to setting monetary policy to ensure that inflation stabilizes at our 2% target in the medium term. In line with this commitment, we today decided to raise the three key ECB interest rates by 25 basis points. The war in the Middle East is generating inflation pressures, and the decision to raise rates is robust across a range of scenarios, mapping out how the shock might evolve and affect the medium-term outlook for the Euro area. In the baseline of the new Euro system staff projections, headline inflation is expected to average three percent in '26, two point three percent in '27, and two percent in '28. For inflation, excluding energy and food, the baseline foresees an average of two point five percent in '26 and '27, and two point two percent in '28. Compared with March, staff have revised up their baseline projection for inflation in '26 and '27 owing to a higher path for energy prices, which to some extent is expected to feed into food, goods, and services inflation. The baseline sees economic growth at an average of zero point eight percent in '26, one point two percent in '27, and one point five percent in '28. This is a downward revision for '26 and '27, reflecting a more pronounced impact of the war on commodity markets, real incomes, and also confidence. The outlook remains uncertain, with upside risks for inflation and downside risks for economic growth. The full implication of the war for medium-term inflation and growth will depend on the intensity and duration of the energy price shock, as well as the scale of its indirect and second-round effects. This uncertainty is also reflected in the broad range of outcomes for inflation and growth in the updated illustrative scenarios put together by Eurosystem staff. These will be published with the staff projections on our website. With today's decision, we remain well-positioned to navigate the uncertainty caused by the war. We will closely monitor the situation and follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. In particular, our interest rate decisions will be based on our assessment of inflation outlook and the risks surrounding it in light of the incoming economic and financial data, as well as the dynamics of underlying inflation and the strength of monetary policy transmission. We are not pre-committing to a particular rate path.

00:15:03,016 --> 00:15:56,596 [Speaker 0]

What's notable is that Lagarde explicitly says that the rate decision holds up robustly across a range of scenarios of how the conflict might evolve, which tells you how much uncertainty is still on the table. Worth a quick explainer here. The deposit facility rate, the two point twenty-five percent fig-figure we just heard, is essentially the interest rate commercial banks earn on money they park overnight at the ECB, and it acts as the anchor for borrowing costs right across the Eurozone. When the ECB raises it, loans, mortgages, business credits all get more expensive, and there's simply less money circulating through the economy, which in theory cools down demand and helps bring prices back under control.

00:15:57,776 --> 00:16:18,336 [Speaker 0]

But it's a genuine balancing act. Lower rates encourage borrowing, spending, and growth. Higher rates slow down growth in order to rein in inflation. The trade-off, growth versus price stability, is exactly what Lagarde and the governing council are thinking every time they meet.

00:16:19,396 --> 00:16:47,856 [Speaker 0]

So how does the International Monetary Fund sees the overall picture? Uh, two weeks ago, the IMF published a fresh assessment of the global, global growth for the twenty twenty-six, and the tone there is interestingly considerably more optimistic. This is from an interview Deniz Igan, chief of World Economic Studies division at the IMF's research department, gave to the F- IFP two weeks ago.

00:16:47,856 --> 00:18:02,636 [Speaker 4]

Global outlook, recent performance, but also the outlook itself is being shaped by these two forces, war on the one hand, and, uh, AI-driven, uh, demand shock, uh, the technology shock on the other hand. So I guess your question on whether, you know, it's hurting inflation patterns are hurting growth or not will depend on the country context, whether they are, uh, you know, energy importers or exporters, how exposed they are to the war, but also how well integrated they are to the global technology cycle. Uh, but it is a, it's a, you know, pause. It's not a break of this inflation trend. We do have inflation going up from four point one percent to four point seven percent this year, but then coming down again in two thousand twenty-seven. So what does that show is, uh, basically again, it's driven by the assumptions we are making, right? And, uh, driving the, the upward revision in, in the headline inflation is primarily coming from higher commodity prices, higher energy and food prices. And, uh, the reason that it's coming down is that we do believe that the second-round effects, uh, are gonna be limited, and we are seeing that in the data already.

00:18:04,276 --> 00:20:43,608 [Speaker 0]

According to Igan, this year's, uh, rise in global inflation is a pause in the disinflation trend, not a break from it. Uh, she notes that very strong momentum in the global technology cycle is partly offsetting the drag the war has had on the world's economy. In other words, the IMF sees this inflation bump as a temporary disruption within a broader cooling trend, not a new crisis. That lines up to some extent with what we are seeing in June's number, a slowdown across the Eurozone, even though Croatia, as we said, is still well above the average. And that brings us to the real question for this episode. Why can't Croatia, part of the same Eurozone, subject to the same monetary policy and the same external shocks, shake off high inflation as quickly as the Euro area average is managing to do? The Croatian National Bank regular inflation commentaries confirm that European part of the story outright. Disruptions through the Strait of Hormuz and attacks on energy infrastructure fed straight through into retail fuel prices at home, a hit that government partly cushioned through intervention measures. But, and this is the key point, the CNB, Croatian National Bank, own report make clear that external energy shock is not the only driver of Croatia's high inflation. Already back in March, while energy was the main driver of headline inflation, services prices in Croatia were running up an annual rate of 7.2%, the third month in a row at that level. And the story about services hasn't gone away. According to the last June figures, services inflation in Croatia has held stubbornly at 7% to 8% year on year for more than a year now, while in the Eurozone, the same figure is 3.2%. The gap is really the main reason Croatia isn't tracking the European average today. It's not longer about energy and food. And the peak of the

00:20:44,708 --> 00:20:54,308 [Speaker 0]

tourist season in Croatia is coming. The tourists are coming with the fresh euros and that every year obviously rises the

00:20:56,168 --> 00:22:20,438 [Speaker 0]

inflation. But there is also one more big reason because inflation's numbers are at that point. Many economists and even the Croatian National Bank pointed at that reason. Economists have pointed to the specific culprit behind Croatia's stubborn inflation, the government pre-election public sector pay hikes. Back in November 2023, ahead of the 2024 parliamentary election, the government announced a large round of public sector wage increases. And many analysts warned at the time that this would set off exactly the kind of demand-driven price pressure Croatia is still dealing with today. The Croatian National Bank own 2024 annual report backs up this theory with hard numbers. According to the Croatian National Bank, that surge fed straight into household spending. Private consumption became single biggest driver of the GDP growth in 2024, fueled by rising disposable income and, in central bank's words, strong consumer optimism,

00:22:21,468 --> 00:22:27,248 [Speaker 0]

with the public sector pay rise a major contributor to that.

00:22:28,528 --> 00:23:07,648 [Speaker 0]

At the same time, government spending on wages jumped as a part of what Croatian National Bank describes as comprehensive public sector pay reform publishing up the budget deficit and adding to the same expansionary fiscal pressure that was already showing up in the services inflation. The Croatian government has rolled out series of consecutive anti-inflation packages since 2022. The backbone of every package has been keeping energy prices low.

00:23:09,228 --> 00:25:01,916 [Speaker 0]

Gas, electricity and fuel prices have been partly financed by the government, with ministries claiming that these measures give Croatia one of the lowest prices of gas and electricity prices among the EU countries. Alongside energy, the government also introduced a price cap mechanism for basic food and hygiene products, starting with 30 products in September 2023 and then expanding the list of the products. There's also a price transparency measure that anchor prices for as many as 9,000 products at their May 2025 levels, requiring retailers to publish their price list. But that story wasn't so successful. You'll hear about it a bit later when I will be talking to my colleague Jasmin. Also, the government for the most vulnerable groups in their packages include one-off cash payments to the pensioners tired to the, by the pension size recipients of the child benefits, people, uh, with disabilities and the unemployed. The newest package from May 2026 goes a step beyond capping individual product, uh, prices. It introduce fiscal, uh, discipline, uh, savings of the, um, 1.3 billion euros or 1.4 of the Croatia's, uh, GDP. Um, but the inflation still remains the, the

00:25:03,056 --> 00:25:55,396 [Speaker 0]

really big problem in Croatia. Finance Minister Tomislav Čorić has openly said that the goal of these measures is to cool down the economy and bring back, uh, the Eurozone, uh, the inflation to the Eurozone level of around 2% within the next year. That's the picture in front of us today, and it, and it's exactly why the political conversation around inflation has heated up here at, uh, Croatia, which brings me back to you, Jasmin. [upbeat music] What's, uh, what is the Croatian go- government actually doing to fight, uh, inflation? I talk, talked about it, uh, a few minutes ago, but what's the most interesting, uh, uh, thing in that for you?

00:25:55,396 --> 00:26:36,956 [Speaker 1]

There, there are two really spectacular things, uh, concerning Croatian government's f- uh, fight, uh, against inflation. Uh, one is, uh, the PR stunts. Every month when, uh, there is a lower inflation rate than the month before, they're announcing victory over inflation. They've done it dozen times now, more than dozen times. And every month is the same story, just like, uh, it's the endless day. Everybody's forgetting what happened one month or two months or three months ago when we had, uh, uh, inflation rates down, and then they spiked up again. Uh,

00:26:38,416 --> 00:26:55,596 [Speaker 1]

I guess that you said that, uh, Croatian inflation rate is, uh, uh, usually, uh, double the Eurozone inflation rate. So i- it's, it's... There is no victory. It's only losses all the time, and it's still very high. It's about, uh, 4% to 5%, uh, in the last few months.

00:26:56,896 --> 00:27:12,666 [Speaker 1]

And, uh, the second, uh, very interesting, uh, uh, anti-inflation measure from Croatian government was a spectacular, spectacular app called Price Movements, uh, that was launched at 2023.

00:27:14,076 --> 00:27:14,776 [Speaker 1]

Uh,

00:27:16,376 --> 00:27:26,976 [Speaker 1]

it looked l- like it wasn't really an app. Uh, even, uh, everybody from the government call, called it an app. It was, uh, only a website.

00:27:26,976 --> 00:27:26,996 [Speaker 0]

Website.

00:27:26,996 --> 00:27:51,036 [Speaker 1]

And it, it looked like a database from the nine- from the '80s. Uh, something I, I, when I was a kid, I, I work, uh, I wrote on, on the Basic, that, that was the programming language of ZX Spectrum, database of the games for that computer, and that base looked graphically about the same as my database 40 years ago.

00:27:51,036 --> 00:27:55,205 [Speaker 0]

Okay, that was the look, but did it done the job which was supposed to do?

00:27:55,205 --> 00:28:14,836 [Speaker 1]

Yeah, it, the, it was done great. Uh, they asked the 10, uh, biggest retailers to send them their prices. Three of 10 sent those prices, and seven others said, "No, we're not going to do that." And the Croatian government then hired a, a firm to get those prices.

00:28:16,016 --> 00:28:26,256 [Speaker 1]

But that fear, firm was, uh, uh, compromised, uh, because, uh, uh, a year before that, they'd, uh, uh, get,

00:28:27,316 --> 00:29:07,436 [Speaker 1]

uh, um, uh, to do, uh, uh, market research for the Croatian National, Central Bank, Bank about, uh, market research, you know. And, uh, but after they, they gained that job, uh, there were some, uh, articles in the press saying that, uh, their credentials, uh, were very suspicious. They didn't have almost any experience before that in market research. They just, uh, done two researches for two very small IT companies, uh, that had, uh, the, uh, the same address as that market research company. So,

00:29:08,456 --> 00:29:36,516 [Speaker 1]

uh, those masters of market research done their job for the Croatian government and that, uh, website AKA application, and, uh, they did it, uh, uh, like that. Uh, at one time, uh, it's, uh, uh, this website said that yogurt, uh, in just one month, uh, got more expensive for 1392.75%.

00:29:36,516 --> 00:29:39,236 [Speaker 0]

[laughs] But that for, uh, for-

00:29:39,236 --> 00:29:39,625 [Speaker 1]

[laughs] It's not like that

00:29:39,625 --> 00:29:44,056 [Speaker 0]

... everyone who is listening, it's not like that. Pizza is €14, but-

00:29:44,056 --> 00:29:45,125 [Speaker 1]

Yogurt is not

00:29:45,125 --> 00:29:45,506 [Speaker 0]

... no yogurt is not.

00:29:45,506 --> 00:30:16,396 [Speaker 1]

Yeah. And, uh, uh, there were also some other incredible, uh, data. Beer also in one month went up for 370%. It also didn't happen until now, [laughs] at least. And, uh, there were, there were also very poor data. I, I remember there was also one time, uh, uh, uh, they said that, uh, you could buy, uh, toothpaste for, uh, 10 cents

00:30:17,576 --> 00:30:17,746 [Speaker 1]

in, uh,

00:30:19,096 --> 00:30:27,996 [Speaker 1]

one, uh, supermarket, market in Croatia. And we went to that supermarket, and they almost called security when we asked to get us a 10 cents toothpaste.

00:30:27,996 --> 00:30:29,686 [Speaker 0]

With the 10 cents, give me the [laughs] toothpaste.

00:30:29,686 --> 00:30:44,072 [Speaker 1]

Yeah. So it was incredibly poor done job. It costed €60,000 of course, but it was incredibly poor, and nobody except us journalists were going on that page. Nobody. It, it, it was, uh, something like, uh-

00:30:44,072 --> 00:30:53,252 [Speaker 1]

One hundred visits per week or per two weeks. That's absolutely ridiculous. That was the journalists and the people probably from, uh-

00:30:53,252 --> 00:30:54,832 [Speaker 0]

From the government

00:30:54,832 --> 00:30:55,052 [Speaker 1]

... from the government, yeah.

00:30:55,052 --> 00:30:56,372 [Speaker 0]

And the people who made [laughs] the-

00:30:56,372 --> 00:30:57,142 [Speaker 1]

And, uh-

00:30:57,142 --> 00:30:57,222 [Speaker 0]

... made the website

00:30:57,222 --> 00:31:17,132 [Speaker 1]

... after, yeah, after two years, uh, the government just, the g- the government just shut down that website even though they were, they were regularly saying that that website is great, and it's really help- helping the customers, and it's stopping the inflation, and the inflation m- didn't stop. It's not stopped yet.

00:31:17,132 --> 00:31:34,652 [Speaker 0]

Okay. Uh, the opposition is now clearly, uh, trying to make political hay out of this. They started calling it Plenković's inflation after Croatian Prime Minister, uh, Andrej Plenković. What are the key lines of their, uh, criticism?

00:31:34,652 --> 00:31:43,592 [Speaker 1]

Well, they are going, uh, uh, on the Croatian cities all around Croatia with the banners saying, I don't know,

00:31:44,772 --> 00:31:45,602 [Speaker 1]

pizza was,

00:31:47,172 --> 00:31:53,332 [Speaker 1]

uh, one, uh, point f- uh, five euros and now it's ... No, it, it, it wasn't one.

00:31:53,332 --> 00:31:53,342 [Speaker 0]

It's-

00:31:53,342 --> 00:31:54,292 [Speaker 1]

It was five euros.

00:31:54,292 --> 00:31:54,872 [Speaker 0]

Yeah, five.

00:31:54,872 --> 00:32:23,672 [Speaker 1]

Five euros, and now it's 14, you know. And o- other, uh, other articles too. They have, uh, all the time maybe 10 banners with those prices and big pictures of, uh, pizza and butter and, uh, sugar and all the other, uh, things that went, uh, that price skyrocketed. And, uh, their line is that Croatian government isn't doing enough to stop that inflation of the g- of greed, and they, that the government should,

00:32:25,512 --> 00:32:30,582 [Speaker 1]

uh, uh, pile up the pressure on, uh, on the,

00:32:31,652 --> 00:32:53,592 [Speaker 1]

the, the owners of the big supermarkets in Croatia and on the banks. But it's not, uh, it's really not happening, and I guess that, uh, the subject of the Plenković's inflation is going to be the hottest, uh, political issue in building up to the next parliamentary elections that are going to be held in 2028.

00:32:53,592 --> 00:32:55,432 [Speaker 0]

Thank you very much, Jasmin, for now.

00:32:55,432 --> 00:32:55,922 [Speaker 1]

Thank you.

00:32:55,922 --> 00:33:14,792 [Speaker 0]

[upbeat music] Even though it's still hot across Europe right now, plenty of Europeans will soon be facing rising heating costs all over again. Our colleague, Lilith Groh, from Germany's Correctiv looked into the rising cost of heating, uh, across Europe. Let's take a listen.

00:33:14,792 --> 00:34:43,292 [Speaker 5]

I'm Lilith Groh, an international reporter at Correctiv, where I work on the Correctiv Europe project. Together with a network of local and freelance journalists from across the continent, we carry out data-driven investigations into issues that matter across Europe. In our first investigation in 2025, we looked into the cost of living, in particular, into something many of us take for granted, a warm home. I know it sounds a little bit ridiculous right now after another heatwave in Europe summer, but in a couple of month, winter awaits us. And for millions of people across Europe, heating their homes has become a luxury they simply cannot afford. Our data analysis revealed that a significant share of people across Europe cannot afford to keep their homes adequately warm, and in the vast majority of countries, the situation became worse between 2021 and 2023. When we take Croatia as an example, there are 239,000 people, or in other words, more than 6% of the total population, were living in cold homes because they could not afford adequately heating, and that is a serious and often overlooked health risk. Our investigation is based on Eurostat data from a Europe-wide survey. People were asked, "Can your household afford to heat your home adequately?"

00:34:44,492 --> 00:35:01,291 [Speaker 5]

You have to know that no exact temperature was given as a guideline, therefore, people answered based on their own experience. And what you also should know is that the result includes households that heat their home too little, as well as those that cannot afford heating at all.

00:35:02,632 --> 00:35:40,552 [Speaker 5]

For context, the German Tenants Association and the German Federal Environment Agency both recommend a minimum indoor temperature of 20 degree Celsius in living rooms. The latest data available at the time of our investigation was from 2023. It showed that across the European Union, Switzerland, and Norway, more than 47 million people could not afford to heat their homes properly. Just two years earlier in 2021, that number was 31 million. That is an increasement of 16 million people in only two years.

00:35:41,722 --> 00:35:56,532 [Speaker 5]

Southern Europe is particularly affected. The highest share of households unable to afford adequate heating are found in Spain, Greece, and Portugal, Bulgaria, and Italy. The rates are also high in Lithuania.

00:35:57,632 --> 00:36:09,612 [Speaker 5]

By contrast, the lowest rates are found in countries with harsh winters, including Switzerland, Norway, and Finland, as well as in Luxembourg. What does it mean when you are living in a cold home?

00:36:10,712 --> 00:38:47,064 [Speaker 5]

It is not just uncomfortable. It can be dangerous. Research shows that cold homes increase the risk of mental health problems, chronic respiration diseases, and cardiovascular illnesses, including heart attacks and strokes. A study covering hundreds of European cities even found that cold temperatures can contribute to premature death. Boris Kingma, a thermophysiologist at the Dutch Organization of Applied Scientific Research, explains it like this: "One can add some layers of cloth to protect oneself from the cold." But if one cannot heat their living space, it reaches a level where one cannot recover from the cold, and that becomes a health risk. As a German newsroom, we also wanted to understand the situation at home. In Germany, more than five million people, around one in sixteen residents, could not afford to keep their home adequately warm in two thousand and twenty-four. For Germany, there was more current data available. Although the figures improved slightly compared with two thousand and twenty-three, they were still much worse than before the energy crisis. In some regions, such as Bremen, more than twelve percent of residents were affected. During our research, we spoke to a couple of people living through this reality. Their stories were alarming. Some were living in homes with temperatures of only ten to fifteen degrees Celsius. Others told us they had to choose between buying food and turning on the heating. Many described not only physical and mental stress, but also loneliness and isolation. We visited one of these people in her home. Her name is Andrea. Andrea is in her late forties and a single mother. Because of a chronic illness, she was not able to work and tried to survive on a small disability pension. She spent most of her time at home. As she told us, "I'm always cold." To keep warm, Andrea wears thermal leggings, a thick wool jumper, and two pairs of wool socks. She kept her feet tucked underneath her whenever she sits down. Back then, she told us that she only showers once or twice a week to save on heating costs, and every morning she briefly opens the windows to stop mold from growing, then quickly closes them before the cold fills the house. Sometimes frost even formed on the inside of her single-glazed kitchen windows. Her biggest fear was not the cold itself. It was tomorrow's heating bill.

00:38:48,464 --> 00:39:17,844 [Speaker 5]

Every day, she faced impossible choices, heating or food. She knows supermarket prices by heart, buys discount food whenever possible, and avoids wasting anything. Her son has had to give up football because the equipment and travel costs too much. Even going to the cinema had become a rare luxury. Andrea's story is far from unique. According to our analysis, in Europe, up to thirty percent of the population was affected in some regions.

00:39:18,864 --> 00:39:44,864 [Speaker 5]

Experts describe the situation as energy poverty. It is driven by rising energy prices, low incomes, and poorly insulated homes. The consequences reach far beyond feeling cold. As mentioned before, experts warn for health risks. Some researchers also fear that growing financial pressure could increase political dissatisfaction and social tension if governments fail to respond.

00:39:45,944 --> 00:41:29,044 [Speaker 5]

So why has heating become so expensive across Europe? A study published in the International Journal of Environmental Research and Public Health found that energy poverty is caused by several factors working together. These include high energy prices, low incomes, poor housing conditions, and low energy efficiency. But the exact reasons differ from country to country. Experts we spoke to told us that people at greatest risk include single parents, older people, people living alone, and those with illness or disabilities, and warned that the daily stress caused by energy poverty can lead to frustration, distrust in mainstream politics, and greater political instability. Energy poverty has become an important part of Europe's wide cost of living crisis. It has triggered protests in several countries and is now one of the biggest concerns for voters across the European Union. The crisis has been made worse by disrupt global supply chains during the COVID-19 pandemic and by Russia's invasion of Ukraine. According to Eurostat, the average electrical price in Europe increased by fifty percent between two thousand twenty-one and two thousand twenty-two. During the same period, the average price of national gas doubled. Although inflation has slowed and energy prices have stabilized, they remain much higher than before the crisis. One expert we talked to was global public health lecturer Aravinda Guntupalli. She pointed out, "Health is a human right. It is the government's responsibility to ensure that people are not hungry and not living in cold houses."

00:41:30,144 --> 00:42:22,044 [Speaker 5]

So what was Andrea's plan for a better future? She did not want to depend on the state. She planned to move in with a partner, believing that sharing a home will finally allow her and her son to stay warm without constantly worrying about the next heating bill. Her story reminds us that the cost of living crisis is not just about statistics. In two thousand twenty-three, for forty-seven million people were not able to heat. The most current data is from two thousand twenty-four. The situation improved somewhat. The survey showed for two thousand twenty-four, at least nine percent of the population could not afford to keep their homes adequately warm. These are still more than forty million people across Europe for whom it is about something that should be given, the chance to live in a warm home when it is freezing outside.

00:42:22,044 --> 00:42:48,044 [Speaker 0]

That's it for today's episode of EU Lens. Thanks to Lilit, Yasmin, and Irena, and all my colleagues who have been working on this podcast. Um, in-inflation isn't going away as a topic, uh, anytime soon, so we'll keep tracking it month by month here in the EU Lens and also on Telegram. Thanks for listening, and we'll see you in the next episode.

00:42:51,914 --> 00:42:52,534 [Speaker 0]

[outro jingle]

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