

19. Building Process

Building a new plant in the Czech Republic is a similar procedure as in other European countries. The Czech Republic offers an effective planning process and rapid construction capabilities. In most cases, it takes about one year to go from a completely vacant greenfield site to completion of a new facility. This time span can be shortened to less than one year in municipal industrial zones, where land plots and infrastructure are already prepared and local officials have been trained by CzechInvest to effectively support investors.

AUTHORITY APPROVALS

Czech planning processes are similar to those in other EU countries. A construction project generally has to be approved by the relevant authorities in the following steps:

1. Environmental Impact Assessment (EIA) – fact-finding procedure
2. Environmental Impact Assessment (EIA) – full EIA procedure *
3. Planning permit
4. Integrated permit *
5. Building permit
6. Final approval

* Step 2 “Environmental Impact Assessment (EIA) – full EIA procedure” and step 4 “Integrated permit” apply only to extensive investment projects that exceed the limits stipulated by the respective law. Most investment projects that CzechInvest is involved in do not relate to steps 2 and 4.

Environmental Impact Assessment (EIA) of the Project

EIA procedures are based on the European Community’s EIA guidelines for industrial projects. Plans that are subject to an EIA ruling are specified in Annex I, Category I of Act. No. 100/2001 Coll., as amended by later regulations.

Plans that are subject to a fact-finding procedure are in Category II. The fact-finding procedure is the first phase of the EIA procedure and takes 2-3 months (after all the data is collected). The fact-finding procedure determines whether or not a full EIA is necessary. If a full EIA is not required, then no follow-up procedure is conducted.

In the opposite case, the EIA documentation should be completed and a full EIA procedure, including a public hearing, is necessary. The duration of this process is typically additional 5-8 months.

Planning Permit

The planning permit is the most important document investors need in order to proceed with a project (it deals mainly with the outer appearance of the planned construction and its impact on its surroundings – noise etc). The planning procedure begins with an application of a basic documentation including several statements from the relevant administrative authorities by the investor, and can be completed in 3-4 months. After that, generally the earthworks/landscaping on the project can begin. The planning permit defines the land allotted for the proposed purpose and states the conditions the investor must observe. The permit is valid for two years and may be extended by the Building Office upon request.

Integrated Permit (IPPC – Integrated Pollution Prevention and Control)

The new Act No. 76/2002 Coll. (in accordance with Council Directive No. 96/61/EC) sets forth the key principles to be followed by operators of certain industrial installations (expressly listed in the Annex to the Act). These include waste-treatment installations, industrial installations in the processing of energy generation, metallurgy, chemicals, food and certain raw materials and other operations viewed as highly intensive production operations in terms of their impact on the environment (such as paper production, leather processing, textile fibre processing, surface finishing and carbon production). In the integrated permit, the conditions are set for the installation operation based on application of best available techniques (BAT). The IPPC process takes usually 5-9 months. When necessary, it serves as the basis for the Building Permit and supersedes particular administrative procedures.

Building Permit

The building permit requires a more detailed elaboration of planning permit requirements (it deals mainly with the interior lay-out of the planned structure and its technical quality, fire safety etc.). Very detailed design documentation including several statements from the relevant administrative authorities is necessary

in the building permit application. The entire procedure should take 2-3 months. The permit is valid for two years and may be extended by the Building Office upon request.

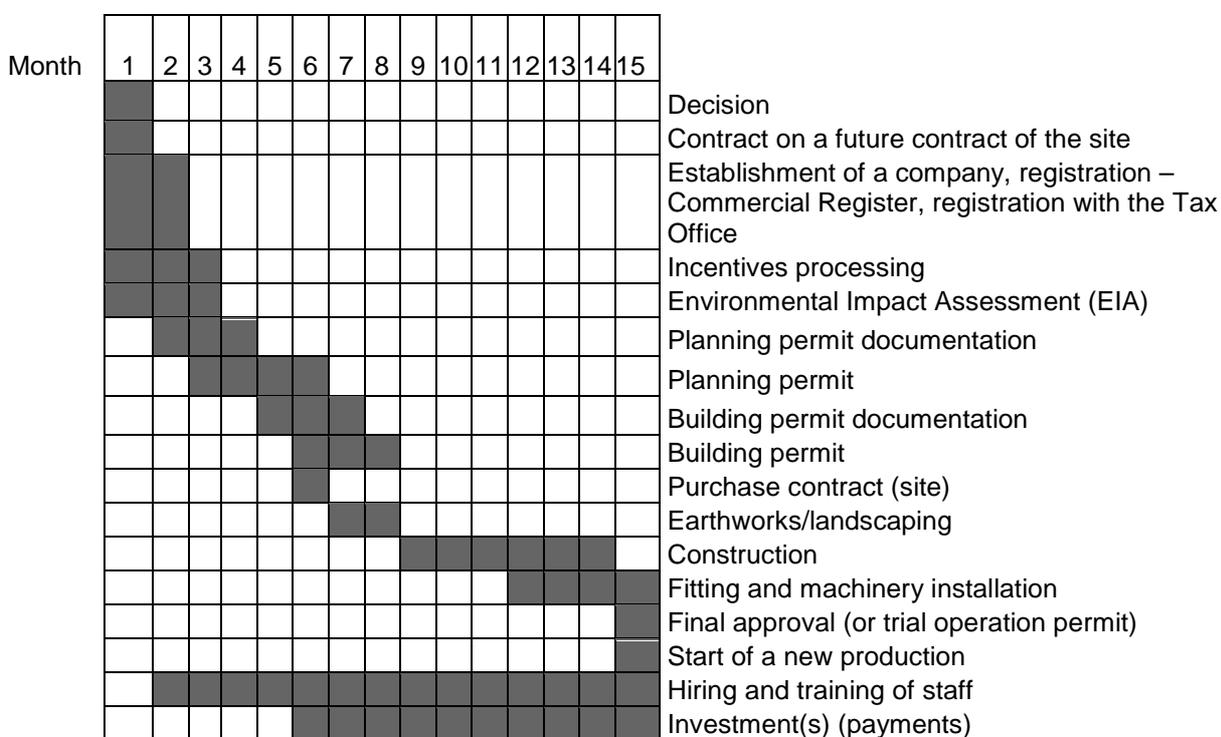
Final Approval

This document is issued upon completion of construction. The Building Office inspects the fulfilment of the conditions defined by all the issued permits, statements and relevant legislation. The final approval allows the investor to start using the building, i.e. to start full production (sometimes as a trial operation).

PROJECT DEVELOPMENT EXAMPLE

The chart below gives an example of a typical light industrial greenfield investment with fact-finding EIA and investment incentives, without IPPC. The whole process, which applies to most projects, from investment decision to start of new production, typically takes approximately **12-15 months**. Nevertheless, a well-prepared process can be shortened with some initiative on the part of the investor. On the other hand, the process of a very large and complicated project (including steps 2 and 4) can take over **18 months**.

Example of a typical greenfield investment with fact-finding EIA and investment incentives



Source: Tebodín, 2011

Construction Cost Estimate

Roads (depends on material)	CZK 900 – 1,700/m ²
Sidewalks (depends on material)	CZK 550 – 800/m ²
External sewerage (depends on material, pipe diameter up to 800mm)	CZK 4,000 – 9,000/1m
Water mains (depends on material, pipe diameter up to 400mm)	CZK 3,000 – 6,000/1m
Electricity (high voltage line 22 – 35 kW)	CZK 1,100 – 2,500/1m
Industrial halls (depends on purpose, material)	CZK 12,000 – 15,000/m ²
More equipped industrial halls (depends on purpose, construction, material)	CZK 14,000 – 16,500/m ²
Office buildings (depends on construction)	CZK 16,500 – 22,000/m ²
Rough landscaping (topsoil stripping, back filling, etc.)	CZK 200 – 450/m ²
Final landscaping (vegetation cover, amenities planning, etc.)	CZK 150 – 600/m ²

Source: Tebodín, 2011

Top 10 Building Companies

Rank	Company	Turnover CZK/bill.
1.	Skanska	31.2
2.	METROSTAV	29.2
3.	EUROVIA CS	24.5
4.	STRABAG	17.9
5.	OHL ŽS	12.6
6.	HOCHTIEF	7.6
7.	Eiffage Construction ČR	7.2
8.	PSG International	6.7
9.	GEOSAN GROUP	6.6
10.	Východočeská plynárenská	5.9

Source: www.estav.cz, 2011