



**Flanders**  
State of the Art

A photograph of a construction site showing the wooden framework of a building under construction. The structure consists of numerous wooden beams and joists, supported by vertical posts. The sky is a clear, bright blue. The image is partially overlaid by a yellow banner at the top and bottom.

# CONSTRUCTION & INFRASTRUCTURE MARKET

# IN CROATIA

FLANDERS INVESTMENT & TRADE MARKET SURVEY

# THE CONSTRUCTION & INFRASTRUCTURE MARKET IN CROATIA

Donald VOCELLE and Raphaël DURAY

Interns at the Embassy of Belgium - Economic and Commercial Section



APRIL 2016

Embassy of Belgium  
Economic and Commercial Section  
Pantovčak 125b1

[office@beltrade-croatia.com](mailto:office@beltrade-croatia.com)

Tel: +385 1 457 74 44

Fax: +385 1 457 74 45

HR – 10000 Zagreb (Croatia)

## TABLE OF CONTENTS

---

<b>1. Overview of Croatia.....</b>	<b>3</b>
1.1. General overview .....	3
1.2. Geography.....	4
1.3. Political overview.....	4
1.4. Economic overview .....	5
1.5. Population.....	7
1.6. Demographics .....	7
<b>2. Croatian construction market .....</b>	<b>8</b>
2.1. Overviews and trends .....	8
2.1.1. Construction work by type.....	11
2.1.2. Transport infrastructure.....	11
2.1.3. Residential buildings.....	12
2.1.4. Pipelines, communication and power lines.....	14
2.1.5. Construction works abroad .....	17
<b>3. Legislation, necessary permits and licences.....</b>	<b>18</b>
3.1. Introduction .....	18
3.2. Procedures required to build a warehouse .....	19
3.3. Approvals to carry out construction activities.....	21
3.3.1. Register of approvals granted.....	21
3.3.2. Granting approvals.....	21
3.3.3. E-Permit .....	22
3.3.4. EQUALITY of approvals granted by a former regulation .....	22
3.3.5. Documentation to be submitted .....	22
3.3.6. Period for completion of buildings .....	23
3.4. Guide to the building process .....	23
3.4.1. Legal basis.....	23
3.4.2. Location Permits.....	24
3.4.3. Building permits.....	24
3.4.4. Use permits .....	24
3.4.5. Legislative framework graph.....	25
3.4.6. Energy efficiency.....	25
3.4.7. Professional persons.....	25

# 1. OVERVIEW OF CROATIA

## 1.1. GENERAL OVERVIEW

AREA	56,542 km <sup>2</sup> (22,830 sq. mi)
POPULATION	4 284 889
CAPITAL CITY	Zagreb
POPULATION IN ZAGREB	790 017 inhabitants
LANGUAGE	Croatian
CURRENCY	Croatian Kuna (HRK)
GOVERNMENT	Parliamentary Democracy
PRESIDENT	Member of HDZ or Croatian Democratic Union, Kolinda Grabar-Kitarović was elected for a five-year term in January 2015
MEMBERSHIP OF INTERNATIONAL ORGANIZATIONS	<ul style="list-style-type: none"><li>• United Nations</li><li>• European Union</li><li>• Organization for Security and Co-operation in Europe</li><li>• Council of Europe</li><li>• Regional Cooperation council</li><li>• International Monetary Fund</li><li>• World Bank</li><li>• World trade Organization</li><li>• European Bank for Reconstruction and Development</li><li>• Partnership for Peace</li><li>• NATO</li></ul>

Source: [www.dzs.hr](http://www.dzs.hr)

## 1.2. GEOGRAPHY

---



The Republic of Croatia is located in Southeast Europe covering a total of 56,610 km<sup>2</sup>. Croatia is bordered by Slovenia, Hungary, Serbia, Bosnia-Herzegovina, Montenegro and Italy with which it shares a maritime border along the Adriatic Sea. The capital is Zagreb and other major cities are Split, Osijek, Rijeka, Zadar, Pula and Dubrovnik. The country is divided into 21 counties, which contain 124 towns.

## 1.3. POLITICAL OVERVIEW

---

Formerly a major constituent part of Yugoslavia, Croatia declared independence in June 1991. Today, Croatia is a member of the European Union (EU), United Nations (UN), the Council of Europe, NATO, the World Trade Organization (WTO) and also the founding member of the Union for the Mediterranean. The current president of Croatia is Mrs. Kolinda Grabar Kitarović but the executive authority rests with the Prime Minister, Mr. Tihomir Orešković, who is appointed by the president and is accountable to the Parliament.

## 1.4. ECONOMIC OVERVIEW

---

Before the global financial crisis of 2008-09, the Croatian economy grew at a healthy 4-5% annually, incomes doubled, and economic and social opportunities dramatically improved. The prolonged crisis put this progress, as well as Croatia's aspirations, to the test, as the country struggled with six years of recession. The latest economic forecast expects Croatia to have a GDP growth of 2.1% in 2016 and 2017 along with an inflation of 0.3% in 2016 and 1.6% in 2017. Moreover, there will be an improvement in the public budget balance (% of GDP) increasing from -3.9 in 2016 to -3.2 in 2017.<sup>1</sup>

The highest contribution to this growth comes from exports of goods and services. Declining oil and food prices and the personal income tax cut helped with the recovery of domestic demand, especially of personal consumption.

Croatia is a member of the IMF, the European Bank for Reconstruction & Development and the World Trade Organization. Croatia applied for EU membership in February 2003 and has worked hard to align its legislation with the EU acquis. The EU has provided Croatia with financial assistance in the areas of economic and social development, justice and home affairs, the building of administrative capacity and environmental protection, with a view to enable a smooth transition to European structures.

Tourism is a notable source of income, particularly during the summer months. With over 10 million foreign tourists annually, tourism generates revenue in excess of € 7 billion. Croatia is ranked amongst the top 20 most popular tourist destinations in the world, and was voted the world top tourism destination in 2005 by Lonely Planet. According to the site Best European Destinations, Zadar was voted best European destination in 2016, and Zagreb was voted for the best Christmas destination in 2015.<sup>2</sup>

---

<sup>1</sup> [http://ec.europa.eu/economy\\_finance/eu/countries/croatia\\_en.htm](http://ec.europa.eu/economy_finance/eu/countries/croatia_en.htm)

<sup>2</sup> <http://www.europeanbestdestinations.com/>

GDP – purchasing power parity:	€ 82,034 billion (2015) € 81,371 billion (2014) € 81,687 billion (2013)
GDP – per capita:	€ 19,347 (2015) € 19,246 (2014) € 19,246 (2013)
GDP – real growth rate:	0.8% (2015)
GDP composition by sector:	agriculture: 4.3% industry: 26.7% services: 69.1% (2015)
Labor force (employed):	1,708 million (2015)
Labor force (by occupation):	agriculture: 1.9% industry: 27.6% services: 70.4% (2015)
Unemployment rate:	19.3% (2015)
Distribution of family income – Gini index:	32 (2010)
Budget:	revenues: € 18,60 billion expenditures: € 20,80 billion (2015)
Taxes and other revenues:	41,9% of GDP (2015)
Budget surplus (+) or deficit (-):	-5% of GDP (2015)
Public debt:	89.5% of GDP (2015)
Inflation rate (consumer prices):	-0.3% (2015)
Agriculture – products:	wheat, corn, sugar beets, sunflower seed, barley, alfalfa, clover, olives, citrus, grapes, soybeans, potatoes, livestock, dairy products
Industries:	chemicals and plastics, machine tools, fabricated metal, electronics, pig iron and rolled steel products, aluminium, paper, wood products, construction materials, textiles, shipbuilding, petroleum and petroleum refining, food and beverages, tourism
Exports:	€ 11,104 billion (2015)
Exports – commodities:	transport equipment, machinery, textiles, chemicals, foodstuffs, fuels
Exports – partners:	Italy 13.7%, Bosnia and Herzegovina 12%, Slovenia 11.2%, Germany 11.1%, Austria 6%, Serbia 5% (2014)
Imports:	€ 17,509 billion (2015)
Imports – commodities:	machinery, transport and electrical equipment, chemicals, fuels and lubricants, foodstuffs
Imports – partners:	Germany 15.1%, Italy 14.1%, Slovenia 10.7%, Austria 8.6%, Hungary 6.5%, Russia 5% (2014)
Debt – external:	€ 56,393 billion (2015)
Stock of direct foreign investment – at home:	€ 38,148 billion (2015)
Stock of direct foreign investment – abroad:	€ 7,004 billion (2015)

Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>

## 1.5. POPULATION

---

According to the Croatian Bureau of Statistics, the Croatian population is 4.284.889 million.

Zagreb City, the capital, is the country's largest region, with a population of 790.017 according to the 2011 census, which equals to 17,6% of the total population.

### Population by age group, ethnicity and religion

Age	65+	15-64	0-14
% of total population	15,7%	67,2%	17,1%

Croatia is inhabited mostly by Croats (89,6%), while minority groups include Serbs (4,5%), Bosniaks, Hungarians, Italians, Slovenes, Germans, Czechs, Roma and others (5,9%). The average [life expectancy](#) is 75,1 years, and the literacy rate is 98,1%. The main religions of Croatia are Roman Catholic 85%, Orthodox 5%, other Christian 0,4%, Muslim 1,3%, other and unspecified 0,9%, none 5,2%.

## 1.6. DEMOGRAPHICS

---

### Principal Demographic Indicators

	2001	2006	2011	2014
Live births	40,993	41,446	41,197	39,566
Rate/000 pop	9.2	9.3	9.4	9.3
Deaths	49,552	50,378	51,019	50,839
Rate/000 pop	11.2	11.3	11.9	12.0
Infant deaths	315	215	192	199
Life expectancy				
Males	71.1	n/a	73.9	74.6
Females	78.1	n/a	80.0	80.5

Source: [http://www.hzjz.hr/publikacije/hzs\\_ljetopis/](http://www.hzjz.hr/publikacije/hzs_ljetopis/), Croatian Health Service Yearbook 2014

## 2. CROATIAN CONSTRUCTION MARKET

---

### 2.1. OVERVIEWS AND TRENDS

---

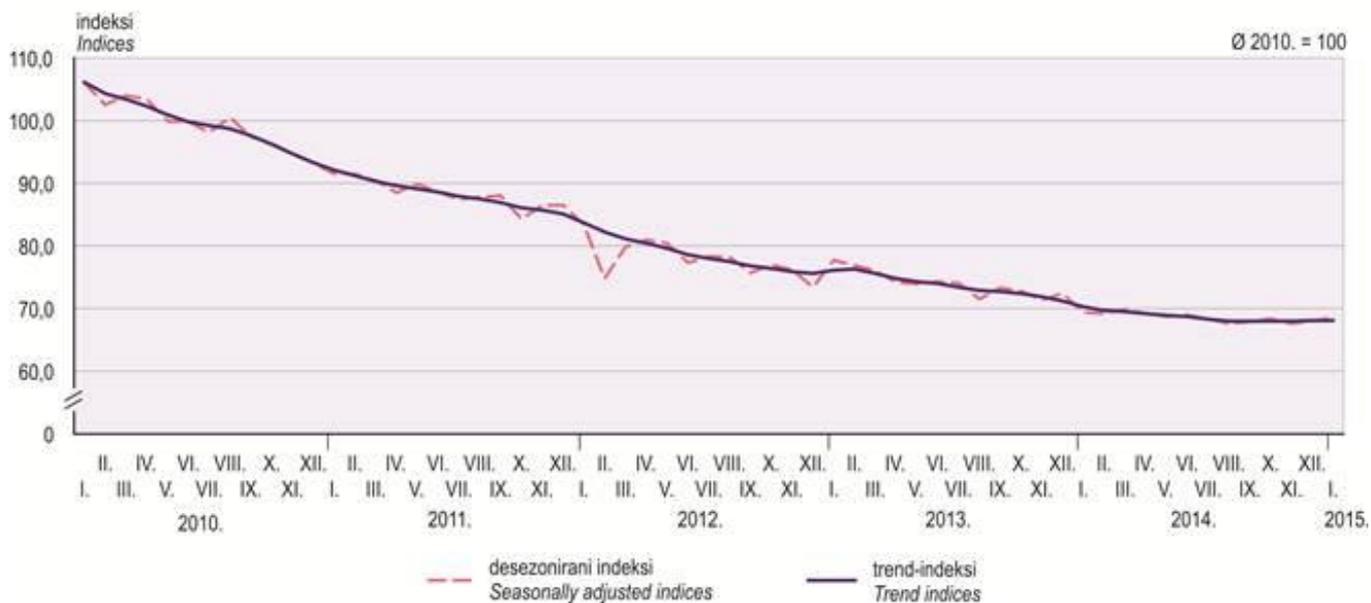
In 2008, the share of the construction industry within GDP was 7,8%. However, in 2013, that number declined to a destructive 4,4%. The concentration ratio shows a lot of fragmentation. The number of employees shows a negative trend although the number of companies is growing.

Following a study the Croatian construction industry is strongly divided and has been even more so after the economic crisis of 2008. However, until 2008, the construction industry in Croatia showed constant growth. Soon after, we could observe a decline in employment, concentration ration of the biggest companies and total revenue decline. Even so, since 2008, there have been important changes in the sector.

The share of construction in the GDP increased form 4,2% to 7,3%. The results of this increase impacted also on the labour market which shows an increase of 61,1%. In 2004, 6.471 construction companies were registered with 84.642 employees working in this sector. In comparison with 2013, there were 11989 companies employing 77.129 people. The construction industry in 2014 has fallen on its knees and is continuing to fall.

The Croatian construction industry remained weak following the global and European financial crises. In real gross value-added terms, the industry in 2013 was 57.0% its size in 2008. Despite this, the rate of decline has slowed and, with some stabilization in the area covered by building permits in 2013, the construction industry appears set for a period of recovery.

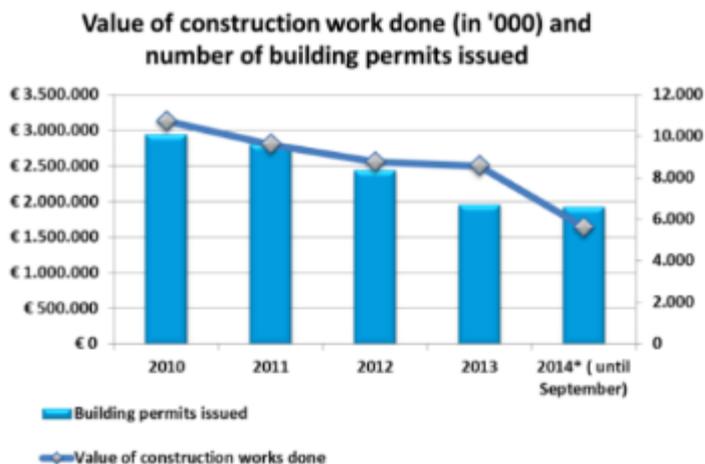
**G-1. INDEKSI OBUJMA UKUPNIH GRAĐEVINSKIH RADOVA OD SIJEČNJA 2010. DO SIJEČNJA 2015.**  
**VOLUME INDICES OF TOTAL CONSTRUCTION WORKS, JANUARY 2010 – JANUARY 2015**



Source: [http://www.dzs.hr/default\\_e.htm](http://www.dzs.hr/default_e.htm)

We can see on the graph that from 2010 to 2013 the number of building permits issued and the value of construction work done have slowly decreased, before experiencing a strong decline in 2013 for the value of construction work done and in 2014 for the building permits issued.

For instance, in Croatia, in 2011 there were 9,601 building permits issued, i.e. 4.8% less than in 2010 due to the economic crisis. The Croatian Bureau of Statistics recorded 6,589 building permits issued in 2014, which is a 1.47% decline from 2013. The value of construction works done in first nine months of 2014 declined 9.15% in comparison to the same period in 2013.



Source: Colliers International on Croatian Bureau of Statistics

**7-5. IZDANA ODOBRENJA ZA GRAĐENJE**  
**BUILDING PERMITS ISSUED**

	Broj izdanih odobrenja za građenje Number of permits issued					Predviđena vrijednost radova, tis. kuna <sup>1)</sup> Expected value of works, thousand kuna <sup>1)</sup>				
	ukupno Total	struktura prema vrstama građevina, % Composition by types of constructions, %		struktura prema vrstama gradnje, % Composition by types of works, %		ukupno Total	struktura prema vrstama građevina, % Composition by types of constructions, %		struktura prema vrstama gradnje, % Composition by types of works, %	
		zgrade Buildings	ostale građevine Civil engineering works	novogradnja New constructions	rekonstrukcije Reconstructions		zgrade Buildings	ostale građevine Civil engineering works	novogradnja New constructions	rekonstrukcije Reconstructions
2012.	6 330	80,3	19,7	79,4	20,6	21 269 258	49,2	50,8	81,3	18,7
2013.	6 687	81,2	18,8	76,0	24,0	18 671 984	48,8	51,2	80,8	19,2
2014.	6 589	84,8	15,2	72,3	27,7	20 208 464	50,0	50,0	75,9	24,1

Source: [http://www.dzs.hr/Hrv\\_Eng/msi/2015/msi-2015\\_04.pdf](http://www.dzs.hr/Hrv_Eng/msi/2015/msi-2015_04.pdf)

The examined data in the previous section show that the construction industry in Croatia features characteristics of fragmentation. The market is controlled by a small number of firms.

Moreover, according to the following figures, from 2010 to 2014, the average number of workers on sites is constantly diminishing. The figures show a decrease of 34,5% in 4 years.

**1.1. BROJ RADNIKA, SATI RADA, VRIJEDNOST RADOVA PREMA VRSTAMA GRAĐEVINA OD 2010. DO 2014.<sup>1)</sup>**  
**NUMBER OF WORKERS, WORKING HOURS, VALUE OF CONSTRUCTION WORKS, BY TYPES OF CONSTRUCTIONS, 2010 – 2014<sup>1)</sup>**

	2010.	2011.	2012.	2013.	2014.	Indeksi Indices		
						2013. 2012.	2014. 2013.	
						Prosječan broj radnika na gradilištima	55 393	
Odrađeni sati rada na gradilištima, tis. sati	104 656	94 692	84 793	80 570	75 639	95,0	93,9	Hours done on sites, '000 hours
Vrijednost izvršenih radova, tis. kuna	17 866 247	16 783 675	15 976 215	15 091 225	14 090 716	94,5	93,4	Value of works done, thousand kuna
Zgrade	9 320 320	8 251 759	7 168 805	6 262 501	6 529 298	87,4	104,3	Buildings
Stambene	2 734 802	2 723 177	2 162 466	1 907 970	1 907 868	88,2	100,0	Residential buildings
Nestambene	6 585 518	5 528 582	5 006 339	4 354 531	4 621 430	87,0	106,1	Non-residential buildings
Ostale građevine	8 545 927	8 531 916	8 807 410	8 828 724	7 561 418	100,2	85,6	Civil engineering works
Prometna infrastruktura	5 871 889	5 777 826	5 942 192	6 050 335	5 295 062	101,8	87,5	Transport infrastructure
Cjevovodi, komunikacijski i električni vodovi	2 074 251	2 166 720	2 317 763	2 210 776	1 748 788	95,4	79,1	Pipelines, communication and electricity lines
Složene građevine na industrijskim prostorima	450 553	428 532	428 586	421 720	318 970	98,4	75,6	Complex constructions on industrial sites
Ostale nespomenute građevine	149 234	158 838	118 869	145 893	198 598	122,7	136,1	Other civil engineering works

1) Građevinski radovi izvršeni s vlastitim radnicima (bez radova podizvođača)

1) Construction works done with own workers (without sub-contractor works).

Source: [http://www.dzs.hr/Hrv\\_Eng/msi/2015/msi-2015\\_04.pdf](http://www.dzs.hr/Hrv_Eng/msi/2015/msi-2015_04.pdf)

The restructuring trend of the construction industry in Croatia has been prompted by the economic crisis and is in line with the latest developments in the EU Member States where small and medium-sized companies are more easily adapting to the modern market requirements. This

trend reflects the growing number of such companies while the number of large companies has been significantly reduced.

In recent years, the national legislation and standards have been harmonised with those of the EU, because that was a necessary step in creating conditions for a rapid restructuring and adaptation of the Croatian construction industry in order to strengthen its competitiveness on the demanding EU market.

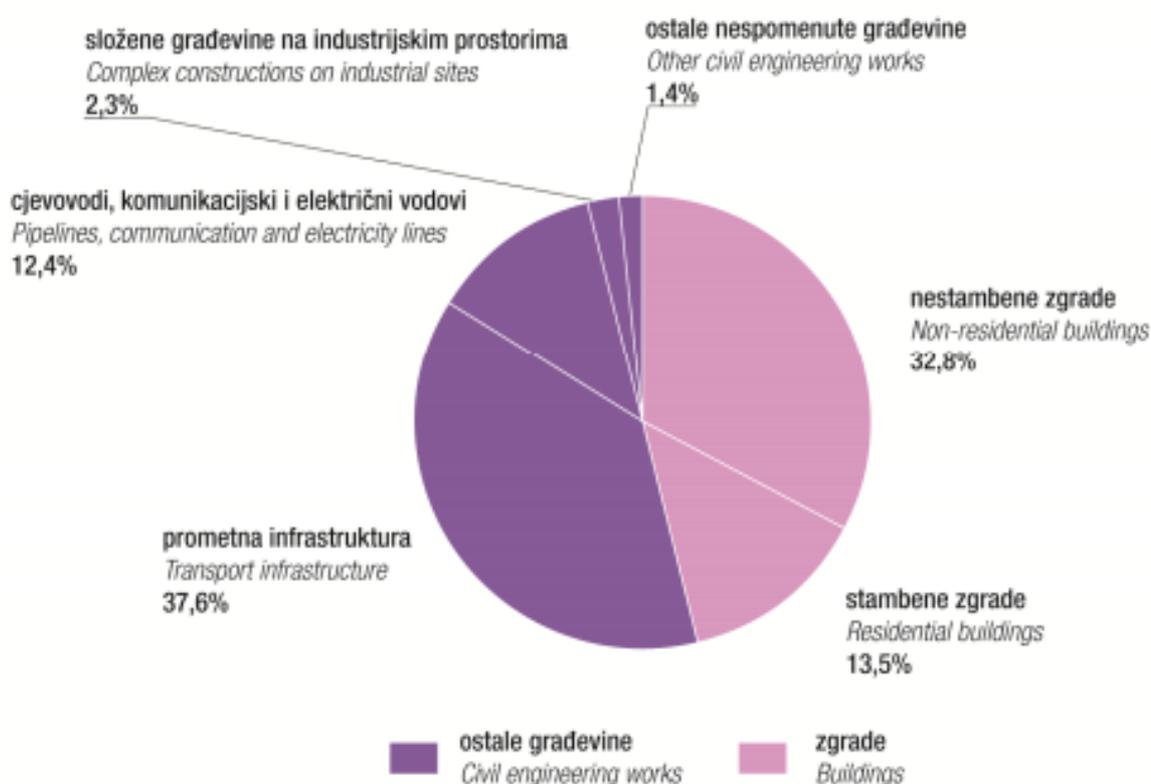
The construction industry's share in Croatian gross domestic product amounted to 4.2% in 2013, but showed a further declining tendency as in several previous years. The value of the completed construction works in 2014 amounted to HRK 17,527,688,000 or EUR 2,289,116,000.<sup>3</sup>

---

### 2.1.1. CONSTRUCTION WORK BY TYPE

---

**G-1.1. STRUKTURA VRIJEDNOSTI IZVRŠENIH RADOVA PREMA VRSTAMA GRAĐEVINA U 2014.**  
*VALUE STRUCTURE OF CONSTRUCTION WORKS DONE, BY TYPES OF CONSTRUCTIONS, 2014*



Source: [http://www.dzs.hr/Hrv\\_Eng/msi/2015/msi-2015\\_04.pdf](http://www.dzs.hr/Hrv_Eng/msi/2015/msi-2015_04.pdf)

---

### 2.1.2. TRANSPORT INFRASTRUCTURE

---

Transport in Croatia relies on several modes, including by road, rail, water and air. Road transport incorporates a comprehensive network of state, county and local routes and a

---

<sup>3</sup> Source: <http://web.hgk.hr/wp-content/uploads/2015/09/croatia-your-business-partner-2015.pdf>

network of highways for long-distance travelling. Water transport can be divided into sea, based on the ports of Rijeka, Ploče, Split and Zadar, and river transport, based on Sava, Danube and, to a lesser extent, Drava. Croatia has 8 airports (Zagreb, Rijeka, Split, Dubrovnik, Zadar, Pula, Osijek and Brač.), five of which are international. The country also has several airlines, the most important being Croatia Airlines. Rail transport is fairly developed, with dual track and electrification not very common, although high-speed tilting trains are used on some routes. However, the bus still tends to be more common than rail for inter-city transport.

The tender, issued in early 2014, regards the privatization of the motorway network currently operated by two state-owned concessionaires: HAC - Hrvatske Autoceste d.o.o. - a limited liability company managing 868km of motorways and ARZ - Autocesta Rijeka - Zagreb d.d. – a joint-stock company operating approximately 182 km of motorways.

Year after year, Croatia's transport infrastructure is getting more interconnected. The long-awaited Zagreb - Split motorway which connects the capital to the coast was opened for traffic in mid-2005. Although a lot has been done on the construction of new roads in recent years, large investments in both existing and new infrastructure are still needed, with a particular emphasis on better links between the coastal and inland parts of the country – primarily, the completion of the Zagreb – Dubrovnik Motorway. Today, investments are rapidly growing in port operations, maritime and river transport and railways.

Furthermore, the port of Rijeka and all our other ports should take a better advantage of their excellent geographical position and excellent prerequisites for the transshipment of all types of cargo (general, bulk, container, ro-ro, liquid, livestock, etc.), since estimations on future traffic flows indicate an increase in maritime traffic, particularly along the North Adriatic transport route, due to the overcapacity of northern European ports. The combined transport share in the total transport of goods is very limited. Since the maritime sector is one of the most modern and environmentally friendly transport modes, it is necessary to develop it by support of state incentives, as soon as possible, for its full integration into the European routes.

---

### 2.1.3. RESIDENTIAL BUILDINGS

---

Despite a struggling economy, Croatia's property market has begun a comeback after six long years of house price falls.

In 2014, the average price of new dwellings sold in Croatia was HRK10,524 (€ 1,378) per square meter (sq. m.), up slightly by 0.9% (1.4% inflation-adjusted) from a year earlier, according to the Croatian Bureau of Statistics (CBS).

Croatia's capital, Zagreb, led the recovery with the average price of a new dwelling sold climbing by 7.7% (8.2% inflation-adjusted) y-o-y to HRK 11,958 (€ 1,566) per sq. m. in 2014. The most expensive apartments with an average asking price of € 2,029 per sq. m. in March 2015 are located in the upper town of Medveščak. In the center apartments are also expensive with an average price of € 1,921 per sq. m. On the other hand, the least expensive houses with an average asking price of € 1,129 per sq. m. are located in Sesvete (east of Zagreb).

In contrast, in other settlements, the average price of new dwellings sold continued to drop by 2.2% (- 1.7% inflation adjusted) y-o-y to HRK 9,280 (€ 1,215) per sq. m. over the same period.

The latest figures released by Centar Nekretnina confirm this trend. The average requested price of flats in Zagreb went up to 1.1% to € 1,582 per sq. m. during 2014 to end-Q1 2015. However, the

prices at the Adriatic Coast remain depressed with the average asking price of flats decreasing by 1.4% y-o-y to € 1,577 per sq. m. in Q1 2015.

Croatia's property market knew a slump in the past several years, as the global financial crisis, associated to the Eurozone sovereign debt crisis, badly affected the country's tourism-oriented economy.

- In 2009, the national property price index decreased 4.32% y-o-y (-6.16% inflation-adjusted)
- In 2010, the national property price index went down by 8.91% (-10.55% inflation-adjusted)
- In 2011, the national property price index fell by 1.59% (-3.6% inflation-adjusted)
- In 2012, the national property price index dropped 4.37% (-8.64% inflation-adjusted)
- In 2013, the national property price index plunged by 14.36% (-14.6% inflation-adjusted).

In 2014, the economy contracted by another 0.8%, after real GDP declines of 0.9% in 2013, 2.2% in 2012, 0.24% in 2011, 2.3% in 2010, and 6.9% in 2009, according to the International Monetary Fund (IMF).

There are about 70,000 foreigners who own property in Croatia, mostly on the Adriatic Coast. Most people bought their property via a company because of the complexities concerning taxation and foreign ownership.

However, amendments were created to the Croatian Law on Ownership and the legislation aspires to facilitate the buying process and attract more buyers to the country.

On the other side, non-EU foreign nationals may buy a property in Croatia based on a reciprocity agreement between Croatia and the foreign buyer's home country.

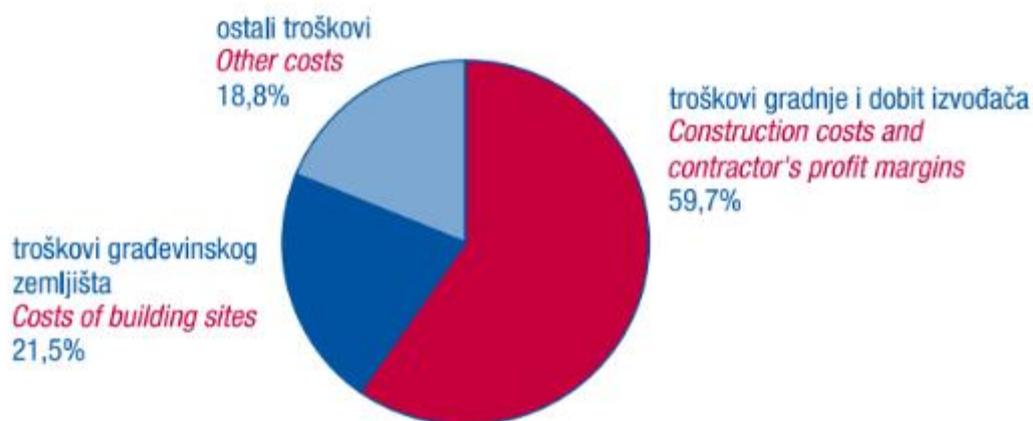
On the Adriatic Coast and other touristic destinations, real estate is much more in demand. Since several years, the Northern peninsula of Istria welcomed a quantity of German buyers.

Around 55% of approved permits for foreign acquisitions were granted to Germans. Austrians come in second place with 16% of permits granted, followed by Brits (6%), Hungarians (4%) and Dutch (3%).

Of Croatia's 20 counties, the five most popular with foreign buyers are on the Adriatic Coast: Istria (33% of foreign-owned properties), Primorje-Gorski Kotar (26%), Split-Dalmatia (12%), Zadar (8%), and Dubrokniv-Neretva (6%). Only 3% of foreign buyers chose Zagreb City.

The residential property market in Croatia can typically be divided in two key areas. First homes, generally purchased and owned by locals, and second homes, also bought by some locals, but mostly by overseas investors. Whilst recent years have seen strong growth in both property types and the general midterm outlook remains very positive, the recent global downturn has seen the second home market in Croatia, as in many European countries, come to a temporary standstill.

## AVERAGE PRICES OF NEW DWELLINGS SOLD PER 1 m<sup>2</sup>, 2014<sup>1)</sup>



Source: [http://www.dzs.hr/Hrv\\_Eng/StatInfo/pdf/StatInfo2015.pdf](http://www.dzs.hr/Hrv_Eng/StatInfo/pdf/StatInfo2015.pdf)

### 2.1.4. PIPELINES, COMMUNICATION AND POWER LINES

Plinacro ([www.plinacro.hr](http://www.plinacro.hr)) is in charge of development, construction, maintenance and supervision of the whole gas transmission system in Croatia and of other activities necessary for the technical functioning of the system. Today Plinacro operates 2693 km of high pressure gas pipelines, 1741 km of which are 50-bar system and 952 km of 75-bar system, 7 entry measuring stations, 157 exit measuring-reduction stations with 282 measuring lines and a state-of-the-art National Dispatching Centre, i.e. communication system and centre of remote supervision and control of the gas transmission system.

The JANAF ([www.janaf.hr](http://www.janaf.hr)) system was built as an international crude oil transportation system from the Port and Terminal of Omišalj, Island of Krk, Croatia to both local and foreign refineries in Eastern and Central Europe. The designed capacity of the pipeline amounts to 34 million tons of oil annually (MTA), while its installed capacity is 20 MTA. There are 610 kilometres of crude oil pipelines in Croatia, connecting the Port of Rijeka oil terminal with refineries in Rijeka and Sisak, as well as several transshipment terminals.

As for the power lines, Croatia has four major hydroelectric plants in two main areas of the country: the area near the Slovenian-Hungarian border and the area along the Adriatic coastline. The Varazdin hydro plant is located near the Slovenian-Hungarian border, and the three hydro plants along the Adriatic coastline are Senj, Obrova, and Zakućac. All of these are owned and operated by the national electricity company, Hrvatska Elektroprivreda (HEP - [www.hep.hr](http://www.hep.hr)).

The 486 megawatt (MWe) Zakućac hydroelectric plant is the largest power plant in Croatia, and is scheduled for renovation to improve its operability. A tender has been announced for the new 68.5 MWe Ombla hydroelectric plant proposed for a site on the Rijeka-Dubrovačka river. Two additional hydropower plants have also been proposed, the 106 MWe Virje plant and the 42 MWe Lesce plant.

The Croatian electric power transmission system is owned and operated by HEP. The electricity distribution grid has three different voltages; there are 1247 kilometers of 400-kV lines, 1,210 kilometers of 220-kV lines, and 4,912 kilometers of 110-kV lines. There are also six 400 kilovolt (kV) substations, 14 220-kV substations and 114 110-kV substations.



Source: <http://www.janaf.hr/oil-pipeline/the-janaf-system/>

On the following table you can see the value of construction works done by type of constructions and by counties in 2014.

**1.4. VRIJEDNOST IZVRŠENIH GRADEVINSKIH RADOVA PREMA VRSTAMA GRADEVINA PO ŽUPANIJAMA<sup>1)</sup> U 2014.**  
**VALUE OF CONSTRUCTION WORKS DONE, BY TYPES OF CONSTRUCTIONS, BY COUNTIES<sup>1)</sup>, 2014**

tk. kuna  
 Thousand kuna

Županija County of	Ukupno Total	Zgrade Buildings		Ostale građevine Civil engineering works			
		stambene Residential	nestambene Non-residential	prometna infrastruktura Transport infrastructure	cjevovodi, komunikacijski i električni vodovi Pipelines, communication and electricity lines	složene građevine na industrijskim prostorima Complex construction on industrial sites	ostale naspomenute građevine Other civil engineering works
Republika Hrvatska Republic of Croatia	14 090 716	1 907 868	4 621 430	5 295 062	1 748 788	318 970	198 598
Zagrebačka Zagreb	1 355 814	133 791	572 620	478 701	154 530	12 431	3 741
Krapinsko-zagorska Krapina-Zagorje	366 572	13 952	65 189	247 120	30 006	10 214	91
Sisačko-moslavačka Sisak-Moslavina	447 127	7 572	72 092	170 156	118 463	77 999	845
Karlovačka Karlovac	351 726	19 595	72 110	199 375	37 122	19 088	4 436
Varaždinska Varaždin	385 140	42 041	137 071	158 478	41 551	5 371	628
Koprivničko-križevačka Koprivnica-Križevci	277 997	16 249	63 413	136 378	58 060	3 897	-
Bjelovarsko-bilogorska Bjelovar-Bilogora	201 234	16 030	48 224	103 481	29 104	1 468	927
Primorsko-goranska Primorje-Gorski kotar	1 401 906	192 255	428 723	479 990	212 167	41 598	47 173
Ličko-severjska Lika-Serj	234 800	23 141	34 258	149 955	22 081	823	4 542
Virovitičko-podravska Virovitica-Posravina	175 532	4 699	40 127	85 555	62 721	2 430	-
Požeško-slavonska Požega-Slavonia	153 030	2 971	42 565	86 153	16 702	3 613	1 026
Brodsko-posavska Slavonski Brod-Posavina	312 094	4 039	113 060	158 673	32 624	3 355	343
Zadarska Zadar	645 041	98 027	208 752	192 799	127 092	3 125	15 246
Ošječko-baranjska Osijek-Baranja	932 599	47 243	285 407	450 647	116 368	28 157	4 777
Šibensko-kninska Šibenik-Knin	382 957	82 122	95 427	105 070	90 480	4 331	5 537
Vukovarsko-srijemska Vukovar-Sirmium	423 025	119 248	90 032	141 990	46 514	16 606	8 633
Špišsko-dalmatinska Špiš-Dalmatia	1 363 455	244 397	452 333	526 896	103 699	27 995	8 145
Istarska Istria	1 190 003	204 711	442 357	328 447	147 778	17 089	49 621
Dubrovačko-neretvanska Dubrovnik-Neretva	797 531	120 032	366 257	224 882	73 822	7 514	5 024
Međimurska Međimurje	269 308	34 991	105 199	62 817	58 574	5 639	2 088
Grad Zagreb City of Zagreb	2 400 008	478 752	885 214	810 564	162 468	25 225	35 775
Bez lokacije <sup>2)</sup> Unclassified <sup>2)</sup>	23 807	-	-	16 945	6 862	-	-

1) Građevinski radovi izvršeni s vlastitim radnicima (bez radova podizvođača)

2) Građevine koje se prostiru preko područja dviju ili više županija

1) Construction works done with own workers (without sub-contractor works).

Source: [http://www.dzs.hr/Hrv\\_Eng/msi/2015/msi-2015\\_04.pdf](http://www.dzs.hr/Hrv_Eng/msi/2015/msi-2015_04.pdf)

## 2.1.5. CONSTRUCTION WORKS ABROAD

First of all, regarding the figures, we are able to observe that the value of construction works done abroad doubled between 2013 and 2014 from 39,458,000 to 74,624,000 in terms of buildings and civil engineering. Moreover, we can notice that Croatia has one of the most important growths and values in Europe concerning construction works done abroad.

Actually, the increase for the total value, from 2013 to 2014, reached 206,6% and as a matter of fact, no civil engineering was observed in 2013. Furthermore, Croatia performed to reach a share of 25,7% in Europe two years ago.

On the table below, you can examine the share in percentages by countries and by type of construction, compared to the rest of the world. It is important to emphasize that Croatia represented in 2014, 17,3% of the share of global construction done abroad concerning buildings and civil engineering and, as said earlier, 25,7% in Europe. It is also important to highlight the fact that buildings are the main type of construction in Croatia with 92%.

### 3. Struktura građevinskih radova u inostranstvu po zemljama izvođenja i vrsti radova, januar - decembar 2014.

Share of construction works done abroad by countries in which the work was done and type of construction, January - December 2014

	% učešća po zemljama % share by countries			% učešća po vrsti radova % share by tipe of construction			
	I-XII 2014						
	Ukupno Total	Visokogradnja Buildings	Niskogradnja Civil Engineering	Ukupno Total	Visokogradnja Buildings	Niskogradnja Civil Engineering	
<b>UKUPNO</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>26,2</b>	<b>73,8</b>	<b>TOTAL</b>
<b>EVROPA</b>	<b>67,4</b>	<b>100,0</b>	<b>55,8</b>	<b>100,0</b>	<b>38,8</b>	<b>61,2</b>	<b>EUROPE</b>
Albanija	25,4	0,0	34,4	100,0	0,0	100,0	Albania
Crna Gora	2,7	5,8	1,6	100,0	56,2	43,8	Montenegro
Hrvatska	17,3	60,3	2,1	100,0	91,0	9,0	Croatia
Italija	0,8	3,0	0,0	100,0	100,0	0,0	Italy
BJR Makedonija	0,3	0,0	0,3	100,0	0,0	100,0	F.Y.R. of Macedonia
Njemačka	9,0	26,7	2,7	100,0	77,5	22,5	Germany
Rusija	0,4	0,0	0,6	100,0	0,0	100,0	Russia
Slovačka	0,3	0,9	0,1	100,0	74,0	26,0	Slovakia
Slovenija	0,9	1,2	0,8	100,0	34,5	65,5	Slovenia
Srbija	1,9	2,1	1,8	100,0	29,6	70,4	Serbia
Švedska	8,3	0,0	11,3	100,0	0,0	100,0	Sweden
Turska	0,1	0,0	0,1	100,0	0,0	100,0	Turkey
<b>AZIJA</b>	<b>3,5</b>	<b>0,0</b>	<b>4,8</b>	<b>100,0</b>	<b>0,0</b>	<b>100,0</b>	<b>ASIA</b>
Irak	3,4	0,0	4,7	100,0	0,0	100,0	Iraq
Pakistan	0,1	0,0	0,1	100,0	0,0	100,0	Pakistan
<b>AFRIKA</b>	<b>29,1</b>	<b>0,0</b>	<b>39,4</b>	<b>100,0</b>	<b>0,0</b>	<b>100,0</b>	<b>AFRICA</b>
Alžir	9,6	0,0	12,9	100,0	0,0	100,0	Algerie
Etiopija	5,3	0,0	7,2	100,0	0,0	100,0	Ethiopia
Kenija	8,6	0,0	11,7	100,0	0,0	100,0	Kenya
Libija	5,6	0,0	7,6	100,0	0,0	100,0	Libia

Source: [http://www.bhas.ba/saopstenja/2015/GRI\\_kumulativni\\_podaci\\_I-XII\\_2014-bos.pdf](http://www.bhas.ba/saopstenja/2015/GRI_kumulativni_podaci_I-XII_2014-bos.pdf)

### 3. LEGISLATION, NECESSARY PERMITS AND LICENCES

---

#### 3.1. INTRODUCTION

---

The construction sector in Croatia knows a range of constraints in order to avoid putting in danger human life, health, environment, other constructions works and property, and the stability of soil on surrounding land.

Construction permits in Croatia represent an important part of the legislation, and are regulated by the Law on Physical Planning and Construction (Official Gazette, no. 76/07, 38/09).

Legislative efforts, as well as the activities of state construction inspections contributed to prevention of construction-urban chaos, and the overall improvement of the conditions in construction.

Among a multitude of approvals and permits indispensable for lawful construction, the most important are location permits, building permits and usage permits. Those permits will be discussed further on in the study.<sup>4</sup>

According to the last figures of Doing Business 2016 data for Croatia from the World Bank Group, the number of procedures in Croatia to build a warehouse (the warehouse is their reference building) totals 19. The total number of days required to build a warehouse is 128 and the cost is 8,8% of the warehouse value. The index of the building quality is 12 on a scale of 15.

Indicator	Croatia	Europe & Central Asia	OECD high income
Procedures (number) ①	19	15.9	12.4
Time (days) ①	128.0	176.3	152.1
Cost (% of warehouse value) ①	8.8	4.4	1.7
Building quality control index (0-15) ①	12.0	11.2	11.4

---

<sup>4</sup> Source: <http://www.doingbusinessincroatia.com/construction-permits/>

### 3.2. PROCEDURES REQUIRED TO BUILD A WAREHOUSE

In the table below, you can find the 19 procedures. For more information and detailed descriptions of procedures, please visit the website of the World Bank Group: <http://www.doingbusiness.org/data/exploreeconomies/croatia/dealing-with-construction-permits>

N <sup>o</sup>	Procedure	Time to complete	Associated costs
1	Receive clearance from the waste collection department <i>Agency: Waste Collection Department</i> <a href="http://www.azo.hr/">http://www.azo.hr/</a>	30 days	No charge
2	Receive clearance from the National Croatian Electric Grid <i>Agency: National Croatian Electric Grid</i> <a href="http://www.hep.hr/">http://www.hep.hr/</a>	30 days	HRK 225
3	Receive clearance from the Sanitary Inspectorate <i>Agency: Sanitary Inspectorate</i> <a href="http://www.mzoip.hr/">http://www.mzoip.hr/</a>	24 days	HRK 70
4	Receive clearance from the Local Water Authority <i>Agency: Vodopskrba i odvodnja d.o.o.</i> <a href="http://www.vio.hr/">http://www.vio.hr/</a>	14 days	No charge
5	Receive clearance from the Inspectorate for Fire at the Ministry of Interior Affairs <i>Agency: Inspectorate for Fire at the Ministry of Interior Affairs</i> <a href="http://www.mup.hr/">http://www.mup.hr/</a>	3 days	No charge
6	Obtain excerpt from the Land Registry for subject and bordering lands <i>Agency: Land Registry</i> <a href="http://www.sudacka-mreza.hr/">http://www.sudacka-mreza.hr/</a>	1 day	HRK 20
7	Obtain the list of land owners adjacent to the future construction site <i>Agency: County Office (Cadastre and Geodetic Activities)</i> <a href="http://www.zagreb.hr/default.aspx?id=2008">http://www.zagreb.hr/default.aspx?id=2008</a> (Zagreb)	1 day	HRK 70
8	Obtain authentication of the online cadastral map by the Cadastre <i>Agency: County Office (Cadastre and Geodetic Activities)</i> <a href="http://www.zagreb.hr/default.aspx?id=2008">http://www.zagreb.hr/default.aspx?id=2008</a> (Zagreb)	1 day	HRK 110

9	Obtain decision from the Municipal Authority regarding utilities  <i>Agency: Municipal Authority</i> <a href="http://www.zagreb.hr/">http://www.zagreb.hr/</a> (Zagreb)	22 days	HRK 292,613
10	Pay water contribution to the state company Croatian Waters (Hrvatske Vode)  <i>Agency: Hrvatske Vode</i> <a href="http://www.voda.hr/">http://www.voda.hr/</a>	15 days	HRK 25,360
11	Hire an external supervising engineer to conduct inspections during construction  <i>Agency: Private Firm</i> Please refer to the topic "Contacts"	1day	No charge
12	Request and receive building permit  <i>Agency: Municipal Authority</i> <a href="http://www.zagreb.hr/">http://www.zagreb.hr/</a> (Zagreb)	30 days	HRK 1,009
13	Submit commencement notice  <i>Agency: Municipality of City of Zagreb</i> <a href="http://www.zagreb.hr/">http://www.zagreb.hr/</a>	1 day	HRK 20
14	Receive clearance from labour inspectorate regarding noise protection and work safety  <i>Agency: Labor Inspectorate</i> <a href="http://www.vsrh.hr/">http://www.vsrh.hr/</a>	1 day	No charge
15	Receive random inspection from the Municipality  <i>Agency: Municipality of City of Zagreb</i> <a href="http://www.zagreb.hr/">http://www.zagreb.hr/</a>	1 day	No charge
16	Obtain water and sewage connection  <i>Agency: Water &amp; Sewage Authority</i> <a href="http://www.voda.hr/">http://www.voda.hr/</a>	20 days	HRK 8,000
17	Apply for occupancy (use) permit  <i>Agency: Municipality of City of Zagreb</i> <a href="http://www.zagreb.hr/">http://www.zagreb.hr/</a>	1 day	HRK 20
18	Receive final inspection  <i>Agency: Municipality of City of Zagreb</i> <a href="http://www.zagreb.hr/">http://www.zagreb.hr/</a>	1 day	HRK 2,040

19	Receive occupancy (use) permit <b>Agency: Municipality of City of Zagreb</b> <a href="http://www.zagreb.hr/">http://www.zagreb.hr/</a>	21 days	HRK 1,009
----	--	---------	-----------

### 3.3. APPROVALS TO CARRY OUT CONSTRUCTION ACTIVITIES

A foreign contractor established in another EU Member State, or who is an EU national may accomplish activities related to construction and may perform specific works following the regulation of the country where he has residence/headquarters but not before notifying the Ministry of Construction and Physical Planning.

The Ministry shall issue a confirmation (after receiving the notification by the foreign contractor) stating that the foreign contractor is entitled to perform construction activities related to specific buildings or is entitled to perform specific works related to construction in Croatia.<sup>5</sup>

#### 3.3.1. REGISTER OF APPROVALS GRANTED

The procedures for granting and withdrawing approval to commence construction activities that were initiated under the provisions of the Act on Architectural and Engineering Tasks and Activities in Physical Planning and Construction (Official Gazette 152/08, 124/09, 49/11 and 25/13) and regulations made under that Act, prior to the entry into force of the Act on Physical Planning and Construction Tasks and Activities (Official Gazette 78/2015), shall be halted ex officio. By way of derogation, the procedure shall be completed in accordance with the provisions of the Act on Architectural and Engineering Tasks and Activities in Physical Planning and Construction (Official Gazette 152/08, 124/09, 49/11 and 25/13) and regulations made under that Act if so requested by the party at whose request the procedure was initiated.

The register of approvals granted may be searched by the company's name, group or classification mark.

The register of approvals granted may be accessed here:

<http://www.mgipu.hr/default.aspx?id=9356>

#### 3.3.2. GRANTING APPROVALS

The statement form with enclosures shall be submitted to the Ministry of Construction and Physical Planning or delivered in person to the Ministry's Registry Office.

[Ministry of Construction and Physical Planning](#)

Republike Austrije 20, HR-10000 Zagreb

Tel: +385 01/ 3782-444

E-mail: [graditeljstvo@mgipu.hr](mailto:graditeljstvo@mgipu.hr)

<sup>5</sup> Source: <http://psc.hgk.hr/usluge-u-rh/uvjeti-za-obavljanje-djelatnosti/gradenje/?lang=en>

Additional information on how to submit an application for approval, granting approvals for foreign contractors, frequently asked questions, application forms and etc. can be found on this page: <http://www.mgipu.hr/default.aspx?id=9355>

---

### 3.3.3. E-PERMIT

---

Since the end of 2014, The Ministry of Construction and Physical Planning launched the 'e-permit' system, which enables all building and use permits for construction works to be issued electronically.

The main goal of the centralised system is raising the quality level of the services provided, that is, of administrative and non-administrative proceedings, through a simple and fast procedure. Establishing this system has significantly speeded up the procedure of issuing building acts. Besides the speed of decision issuance, even more important is their quality, as it is only the latter that provides legal security to the investors or applicants respectively.

For more information: <https://dozvola.mgipu.hr/>

---

### 3.3.4. EQUALITY OF APPROVALS GRANTED BY A FORMER REGULATION

---

Approvals granted under the provisions of the Ordinance on Conditions and Criteria for Granting Approvals to Commence Construction Activities and those granted under the Act on Architectural and Engineering Works and Activities in Physical Planning and Building are equated.

Details can be found at: <http://www.mgipu.hr/default.aspx?id=9355>

---

### 3.3.5. DOCUMENTATION TO BE SUBMITTED

---

A foreign contractor from the EU must submit the notification and documents proving:

- the right to perform construction activity in the country where he has residence / headquarters;
- types of buildings and types of works which he is allowed to build/perform; i.e. that there are no limitations;
- that the contractor holds a liability for damage which he might cause to an investor or other persons by performing construction activities/works.

All the documents proving the abovementioned facts must also be translated into Croatian.

The Ministry has the right to ask for additional explanations.

All the documents must be submitted in a form of a copy, except the documents related to professional qualifications which must be submitted as a certified copy and translated into Croatian.

All the forms are available [on the internet site of the Ministry of Construction and Physical Planning](#).<sup>6</sup>

---

<sup>6</sup> Source: <http://psc.hgk.hr/usluge-u-rh/uvjeti-za-obavljanje-djelatnosti/gradenje/?lang=en>

---

### 3.3.6. PERIOD FOR COMPLETION OF BUILDINGS

---

The Building Act clearly stipulates that buildings, depending on the group to which they were classified, shall, with regard to their external appearance and the development of the building plot, be completed within the following periods:

<b>10 years</b>	for buildings in group 1 (planned by the State plan for spatial development)
<b>7 years</b>	for buildings in groups 2 and 3 (which, under special regulations, are subject to special requirements prescribed in the procedure of environmental impact assessment or appropriate assessment of the impact of a project on the ecological network, and which are subject to special requirements )
<b>5 years</b>	for buildings in group 4 (subject to determining the connection requirements, but not other special requirements)
<b>3 years</b>	for buildings in group 5 (not classified in groups 1, 2, 3 or 4).

---

## 3.4. GUIDE TO THE BUILDING PROCESS

---

This guide is intended for physical and legal persons as an overview of the building process pursuant to the Physical Planning and Building Act (Official Gazette No. 76/07, 38/09, 55/11, 90/11, 50/12) and regulations adopted accordingly, as well as to the provisions of particular acts and regulations adopted pursuant to these acts, Croatian standards and professional regulations.

The guide is divided into several thematic units:

---

### 3.4.1. LEGAL BASIS

---

The Physical Planning and Building Act (Official Gazette 153/13) represents the basic regulation in Croatia governing the system of physical planning and building, competences of the national bodies and bodies of the local and regional self-government units in administrative and other proceedings, as well as administrative and inspectional supervision.

Within the meaning of this Act, building means designing, construction, use and removal of construction works, whereby its provisions related to construction of new construction works are applied in an appropriate manner to the reconstruction, removal and maintenance of existing construction works.

Physical Planning and Building Act

Official Gazette 153/13)

Act on Procedures and Building Requirements for Investment Stimulation

Official Gazette 69/09, 128/10, 136/12, 76/13

Regulations in the field of building

<http://www.mgipu.hr/default.aspx?id=8121>

Regulations in the field of physical planning

<http://www.mgipu.hr/default.aspx?id=9858>

---

### 3.4.2. LOCATION PERMITS

---

In order to obtain information about the intended purpose of space and requirements for project implementation from spatial plans on certain land, you have to submit a request to the competent office for issuing location information. The competent office shall issue the location information within eight days from the date of submission of the request. An excerpt from the cadastral plan or a copy thereof shall be enclosed to the request.

Implementation of projects or drafting of designs prescribed by special laws cannot be commenced based on location information.

A location permit is issued for:

- exploitation fields, construction of mining facilities and installations which are used for performing mining activities, hydrocarbon storage and permanent disposal of gases in geological structures,
- determining new military locations and military construction works,
- projects which pursuant to special building regulations are not considered to be construction,
- stage and/or phase construction of a construction work,
- construction on land or building for which the investor has not regulated legal property relations or for which it is necessary to implement the expropriation procedure.

For further information on the location permit, please follow this link:

<http://www.mgipu.hr/default.aspx?id=34301>

---

### 3.4.3. BUILDING PERMITS

---

The construction/reconstruction of a construction work may commence only on the basis of a building permit. The application for building permit issuance shall be submitted by the investor to the competent office for construction and physical planning in the place where construction or reconstruction of a construction work is planned. Since April 2014, the request can be submitted in electronic form.

For further information on construction works which are or are not allowed to be built in a specific area and on the necessary permits please contact the competent office for construction and physical planning in the city you are interested in:

[List of addresses by counties](#)

In order to get a building permit, some instructions must be followed. For more information about these, requirements, amendments, etc please visit the following link:

<http://www.mgipu.hr/default.aspx?id=34302>

---

### 3.4.4. USE PERMITS

---

A completed or reconstructed construction work may be used or put into operation and a decision may be issued for performing activities in that construction work pursuant to a special act, after a use permit has been issued for that construction work.

The application for issuing the use permit shall be submitted by the investor, or the construction work owner, to the competent body for administrative construction activities.

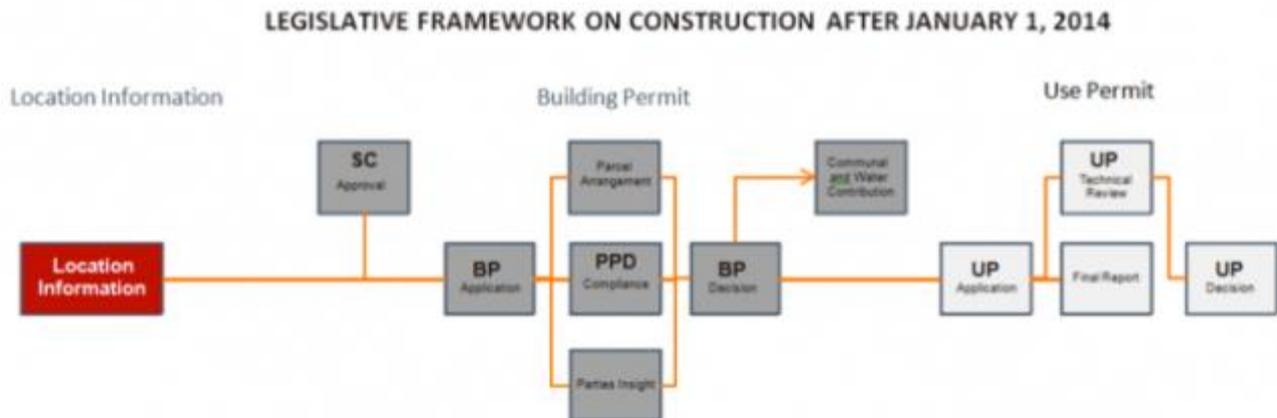
Please follow this link in order to know the instructions for the application:

<http://www.mgipu.hr/default.aspx?id=34304>

---

### 3.4.5. LEGISLATIVE FRAMEWORK GRAPH

---



#### ACRONYMS:

- SC – Special Conditions
- BP – Building Permit
- PPD – Physical Planning Documents
- UP – Use Permit

### Construction products

Since the entrance of Croatia in the European Union on the 1<sup>st</sup> of July 2013, the legislation on the construction products must meet the European standards in term of acts, regulations and ordinances.

For further information, please consult the following link:

<http://www.mgipu.hr/default.aspx?id=8121>

---

### 3.4.6. ENERGY EFFICIENCY

---

Taking into consideration the constant increase in energy prices and the necessity for its rational consumption, the energy efficiency of buildings is becoming an issue of growing importance. For further information on energy classes of buildings and energy certification, and the costs of energy audits please visit this website: <http://www.mgipu.hr/default.aspx?id=11984>

---

### 3.4.7. PROFESSIONAL PERSONS

---

In order to ensure quality, professional and responsible performance of professional physical planning activities, designing activities and/or professional building surveillance, performance of

construction activities and construction project management, these activities have to be performed by professional persons holding an appropriate professional degree.

**Croatian Chamber of Civil Engineers**

<http://www.hkig.hr/#>

**Croatian Chamber of Architects**

<http://www.arhitekti-hka.hr/hr/>

**Croatian Chamber of Electrical Engineers**

<http://www.hkie.hr/#>

**Croatian Chamber of Mechanical Engineers**

<http://www.hkis.hr/sadrzaj/home/language/en-US/>