European Commission - Press release

State aid: Commission opens in-depth investigation into Italian State loan to Alitalia

Brussels, 23 April 2018

The European Commission has opened an in-depth investigation to assess whether Italy's bridge loan to Alitalia totalling €900 million constitutes State aid and whether it complies with EU rules for aid to companies in difficulty.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"The Commission has a duty to make sure that loans given to companies by Member States are in line with the EU rules on State aid. We will investigate whether this is the case for Alitalia."*

Alitalia is an Italian airline owned by the consortium Compagnia Aerea Italiana - CAI (51% shares) and Etihad Airways (49%). Alitalia has been in financial difficulty for a number of years. On 24 April 2017 Alitalia's staff rejected a cost-cutting plan, which meant that the shareholders decided not to provide additional financing to Alitalia. As a result, Alitalia was placed under extraordinary administration under Italian bankruptcy law on 2 May 2017.

In order to ensure financing of Alitalia during the period of extraordinary administration, the Italian State granted a €600 million bridge loan to Alitalia in May 2017. In October 2017, this loan was increased by an additional €300 million. The extraordinary administrators also started a tender procedure aimed at finding a buyer for Alitalia's assets.

In January 2018, Italy notified the total €900 million State loan granted to Alitalia as rescue aid within the meaning of EU State aid rules, namely the Commission's Rescue and Restructuring Aid Guidelines. This followed a number of complaints received by the Commission in 2017, alleging that the loan constitutes State aid that it is not compatible with the applicable EU rules.

The Commission's current view is that the State loan may constitute State aid. It will now investigate further whether the loan satisfies the conditions under the Guidelines. The Commission has concerns that the duration of the loan, extending from May 2017 until at least December 2018, exceeds the maximum duration of 6 months allowed for a rescue loan under the Guidelines. Furthermore, the Commission has doubts as to whether the aid is limited to the minimum necessary.

The Commission will now investigate further to determine whether or not these initial concerns are confirmed. The opening of an in-depth investigation provides all interested parties with an opportunity to comment on the measure. It does not prejudge in any way the outcome of the investigation.

Background

Under EU State aid rules, public interventions in favour of companies can be considered free of State aid when they are made on terms that a private operator would have accepted under market conditions (the market economy operator principle - MEOP). If this principle is not respected, the public interventions involve State aid within the meaning of Article 107 of the Treaty on the Functioning of the European Union, because they confer an economic advantage on the beneficiary that its competitors do not have. The assessment criteria for public interventions in companies in difficulty are set out in the Rescue and Restructuring Aid Guidelines.

The non-confidential version of the decision will be made available under the case number SA.48171 in the State aid register on the Commission's competition website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

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Press contacts:

Ricardo CARDOSO (+32 2 298 01 00)
Yizhou REN (+32 2 299 48 89)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email