European Commission - Press release



State aid: Commission finds Italy granted incompatible aid to Naples port authority but no aid involved in delayed collection of concession fees by port authority

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The European Commission has found that Italy's grants of €44 million to the Naples port authority to refurbish dry-docks rented out to Cantieri del Mediterraneo was in breach of EU State aid rules. On the other hand, the port authority's delayed collection of concession fees involved no State aid.

Following two complaints, the Commission assessed under EU State aid rules, several measures concerning the Port of Naples, and has today adopted two separate decisions in this regard.

Incompatible aid to Naples port authority and CAMED for dry docks renovation

In <u>June 2016</u>, the Commission opened an in-depth investigation to examine whether direct grants of €44 million from the Italian national budget to the Port Authority of Naples were in line with EU State aid rules. The grants were used to renovate the dry-docks rented out by the Port Authority of Naples to Cantieri del Mediterraneo (CAMED), a ship-building and ship-repairing company, on the basis of a 30-year concession.

Public interventions in companies are free of State aid within the meaning of the EU rules when they are carried out on terms that a private investor operating under market conditions would have accepted (the market economy investor principle). The Commission's assessment found that the Port Authority of Naples benefitted from State grants, i.e. non-refundable financial support with no financing cost. In the market, such a financing instrument would not be available to the Port Authority of Naples.

CAMED also benefitted from these grants via a concession agreement for the dry docks. The company was able to use the refurbished dry dock facilities at a price below market rates, without having to participate in an open tender for this right. Furthermore, the land use fee paid by CAMED to the Port Authority of Naples was calculated on the basis of fixed parameters established by law that did not reflect the increased economic value of the refurbished rented facilities.

The Commission found that the direct grants from the Italian State gave both the Port Authority of Naples and CAMED an unfair economic advantage over their competitors and therefore involves State aid within the meaning of the EU rules.

The Commission examined whether the aid could be found compatible with State aid rules, which allow Member States to support certain economic activities under specific conditions. However, the Commission found that the measures failed to meet the relevant criteria, in particular those relating to carrying out a public service obligation. The Commission therefore concluded that the aid granted to the Port Authority of Naples was incompatible with EU State aid rules.

Delayed collection of concession fees constitutes no aid

The Commission has also investigated complaints that the Port Authority of Naples, by not collecting concession fees in due time, granted unlawful aid to seven concessionaires in the Port of Naples, which are ship repairers, terminal operators and transport companies.

The Commission found that the Port Authority did not waive its claims towards the concessionaires but took numerous measures to collect the fees as any market operator would do. In particular, it requested interest for late payments, arranged instalment plans (including interest for the debt rescheduling) and launched procedures to terminate the concession contracts when there were substantial amounts of unpaid fees.

As of today, four concessionaires have fully repaid their debts and the three others are respecting the terms of their debt rescheduling agreements with the Port Authority.

The Commission therefore concluded that the Port Authority acted as a diligent market creditor who sought to maximise its prospects of collecting the outstanding amounts, and that the alleged measures do not therefore involve State aid.

The non-confidential version of the two decisions will be made available under case numbers SA.36112 (aid in favour of Port Authority of Naples and Cantieri del Mediterraneo) and SA.37389 (delayed collection of concession fees) in the <u>State Aid Register</u> on the <u>DG Competition</u> website, once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the <u>Official Journal are listed in the <u>State Aid Weekly e-News</u>.</u>

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