

# State aid: Commission clears Italian rescue aid to Condotte d'Acqua

Margrethe **Vestager**, Commissioner in charge of competition policy, said: *“Many companies would be impacted and many jobs would be lost if Condotte abruptly exited the market. The Italian rescue aid that the Commission has approved today will allow Condotte to continue its work and avoid immediate delays to important infrastructure works, whilst giving the company’s administrators time to return the company to viability.”*

Condotte d’Acqua S.p.A. in Amministrazione Straordinaria (“Condotte”) is Italy’s third largest construction company. It employs over one thousand people and is active in the construction sector, including infrastructure works such as roads, high-speed railways, energy projects and other large infrastructure projects.

Condotte is experiencing financial difficulties due to internal and external factors, in particular the economic context of construction companies involved in public works. In Italy, public investments involving civil engineering have decreased between 2008 and 2015, there are persistent issues concerning payment delays by public administrations and adjudication processes and settlement of disputes with contracting authorities involve long proceedings. All of these factors combine to put Italian construction companies under financial strain.

On 30 November 2018, Italy notified the Commission of plans to grant a temporary €190 million guarantee on loans and bonds for Condotte. This will allow the company to meet its liquidity needs for the next six months at an appropriate interest rate.

Rescue and restructuring aid are among the most distortive types of State aid and can only be granted to companies once these have exhausted all other market options. The [Commission’s rescue and restructuring guidelines](#) allow Member States to support companies in difficulty, provided in particular that the public measures are limited in time and scope and contribute to an objective of common interest.

The Commission assessed the plans notified by Italy and found that:

- the planned aid is necessary to allow Condotte to keep operating and avoid disrupting the ongoing public infrastructure projects. If Condotte were to exit the market abruptly, it would be difficult for a competitor to step in immediately to fully replicate Condotte’s role without risking further delays in infrastructure projects; and
- Condotte plays an important role in the construction sector not only because of the large number of direct jobs it provides but also because of the much larger number of indirect jobs and commercial links it sustains with subcontractors and suppliers;
- the company’s liquidity needs over the next months are based on

reasonable assumptions.

Italy also committed to notify to the Commission the end of the State guarantee, the liquidation of the company or a restructuring plan within six months.

The Commission therefore concluded that the measure is in line with EU State aid rules as it will allow Condotte to keep operating and prevent delays to public infrastructure projects, while the short duration of the measure will reduce the distortion of competition potentially triggered by the State support to a minimum.

## **Background**

Condotte operates as a sole contractor or in joint ventures with other construction companies through consortia or similar legal entities, which participate in varying proportions and/or phases of the works. Condotte ranks third among the 50 largest Italian construction companies, and 31st in Europe.

After getting into financial difficulties and being declared insolvent by the competent court, Condotte is at present managed by three commissioners appointed by the Italian government with the mandate to dispose of the company. Restarting business operations now depends on Condotte meeting its payment obligations for existing projects and works as soon as possible. This will in turn help support the transfer of the assets to one or several interested investors taking over Condotte in an open procedure.

The non-confidential version of today's decisions will be made available under the case number SA.52170 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](#).