



EUROPEAN COMMISSION

Brussels, 9.2.2026
C(2026) 891 final

<p>In the published version of this decision, some information has been omitted, pursuant to articles 30 and 31 of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus [...]</p>	<p style="text-align: center;">PUBLIC VERSION</p> <p>This document is made available for information purposes only.</p>
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Subject: State Aid SA.121569 (2026/N) - Italy
Urgent rescue loan to Acciaierie d'Italia in AS (ex Ilva)

Excellency,

The European Commission (the “Commission”) wishes to inform the Italian Republic that, having examined the information supplied by your authorities on the State aid referred to above, it has decided not to raise any objections to it, as it is compatible with the internal market pursuant to Article 107(3), point (c), of the Treaty on the Functioning of the European Union (“TFEU”).

The Commission has based its decision on the following considerations:

1. PROCEDURE

- (1) Following prenotification contacts, the Italian authorities notified to the Commission on 3 February 2026 their plans to provide an urgent rescue loan (the “rescue loan”) to Ilva S.p.A. in *amministrazione straordinaria* (“Ilva in AS”) transferable for the benefit of the continuation of the productive activities of Acciaierie d’Italia S.p.A. in *amministrazione straordinaria* (“Acciaierie d’Italia in AS” or “the beneficiary”).

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ITALIA

- (2) Italy agreed to waive the rights deriving from Article 342 TFEU in conjunction with Article 3 of the EC Regulation 1/1958 ⁽¹⁾ and to have this Decision adopted and notified in English.

2. DETAILED DESCRIPTION OF THE AID

2.1. The beneficiary and its economic and financial situation

2.1.1. Ownership and corporate structure of Acciaierie d'Italia in AS

- (3) Acciaierie d'Italia S.p.A. was established on 15 April 2021. It emerged from the prior insolvency of Ilva in AS, an undertaking active in the steel sector. Ilva in AS had been subject to a Commission Decision of 21 December 2017, which ordered recovery of incompatible State aid that had been granted to it (the "Commission Decision of 21 December 2017 on aid to Ilva S.p.A. in AS") ⁽²⁾.
- (4) By Decision of 7 May 2018 in case M.8444 ⁽³⁾, the Commission declared the operation by which ArcelorMittal acquired sole control of certain assets of Ilva in AS compatible with the internal market. Following that decision, ArcelorMittal acquired control over the assets of Ilva in AS based on a lease agreement of 28 June 2017. Under that lease agreement, ArcelorMittal operated the business comprised by the Ilva assets, through Acciaierie d'Italia Holding S.p.A. and its wholly owned and solely controlled subsidiaries. ArcelorMittal did not acquire or hold the ownership of the Ilva assets, of which Ilva in AS kept ownership.
- (5) Acciaierie d'Italia S.p.A is 100% owned by Acciaierie d'Italia Holding S.p.A., the former wholly owned subsidiary of ArcelorMittal which is, since its incorporation in 2021 as a limited liability company, owned at 62% by ArcelorMittal and at 38% by the National Agency for investments attraction and business development S.p.A.–Invitalia ⁽⁴⁾. The incorporation of Acciaierie d'Italia S.p.A. prolonged the lease on the Ilva assets ⁽⁵⁾.
- (6) By a Decree of 20 February 2024 of the Minister of Enterprise and Made in Italy, and upon a request by Invitalia, Acciaierie d'Italia S.p.A. was admitted to the public procedure for extraordinary administration provided for Law-Decree 347/2003, as amended. By judgment n° 122/2024 of 29 February 2024, the Court of Milan declared the insolvency of Acciaierie d'Italia S.p.A. The latter's

⁽¹⁾ Council Regulation No 1 of 15 April 1958 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

⁽²⁾ Commission Decision (EU) 2018/1498 of 21 December 2017 on the State aid and the measures SA.38613 (2016/C) (ex 2015/NN) implemented by Italy for Ilva S.p.A. in Amministrazione Straordinaria (notified under document C(2017) 8391), OJ L 253, 9.10.2018, p. 45.

⁽³⁾ Commission Decision of 7 May 2018 declaring a concentration compatible with the internal market and the functioning of the EEA Agreement (Case M.8444 — ArcelorMittal/Ilva), OJ C 351, 1.10.2018, p. 9.

⁽⁴⁾ By decision of 28 January 2021 in case M.10096 - INVITALIA / ARCELORMITTAL / AM INVESTCO pursuant to Article 6(1), point (b), of Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (OJ L 24, 29.1.2004, p. 1), the Commission declared the operation by which Invitalia and ArcelorMittal acquired joint control of the whole of Acciaierie d'Italia, compatible with the internal market and with the EEA Agreement.

⁽⁵⁾ See Decision C(2024) 8402 final of 28 November 2024 in case M.8444 - ARCELORMITTAL / ILVA.

subsidiaries are also declared insolvent and managed by the same extraordinary administrators ⁽⁶⁾.

- (7) Since the extraordinary administration took effect in February 2024, both ArcelorMittal and Invitalia have been dispossessed and have lost all rights to operate Acciaierie d'Italia and subsidiaries in AS. Three extraordinary commissioners, appointed by the Government, took office to manage instead the business of Acciaierie d'Italia S.p.A. in AS together with the subsidiaries that are also in extraordinary administration. The Italian authorities, therefore, consider that the beneficiary does not belong to a larger business group, whether solely controlled by ArcelorMittal or under joint control by ArcelorMittal and Invitalia.
- (8) The operation of the assets by the beneficiary is subject to an ongoing procedure aiming at transferring the production activity. Two proposals were eventually received on 11 December 2025, both relating to all the business complexes, from Bedrock Industries and Flacks Group. Italy now expects to complete the process by end of April 2026, after having selected the committed investor that takes over the management and operation of the assets and business which are now under extraordinary administration.

2.1.2. *Main activities of the beneficiary*

- (9) Acciaierie d'Italia in AS is Italy's main integrated steel producer, with eight different production and servicing sites. It employs around 10 000 people and its largest production site in Taranto has a nominal production capacity exceeding 8 million tonnes of crude carbon steel per year, limited to 6 million tonnes based on the current environmental Integrated Pollution Prevention and Control authorisation. Its Taranto plant occupies an area of 15 million square meters and is staffed with around 8 000 workers. The plant is integrated to cover the full chain from the processing and transformation of coal and ore iron to the output of steel products fed by raw materials through four docks in the Taranto harbour.
- (10) Together with related finishing capacity, the Taranto plant supplies manufacturers in the automotive and components sectors, white goods and appliances, construction and infrastructure projects, packaging, mechanical engineering and energy-related industries, many of which rely on domestic flat steel supply to meet technical specifications and ensure lead times and continuity of production.
- (11) At EU level, the beneficiary's market share of steel products was around 2 % in 2024. Other major competing suppliers and respective market shares in Europe (2024) include ArcelorMittal Europe (19 %), ThyssenKrupp (6 %), Tata Steel Europe (6 %) or Arvedi (3 %). In Italy, the beneficiary's market share lowered from around 30 % in 2011 to around 10 % in 2024, whereas the market share of Arvedi increased from 9 % in 2011 to around 17 % in 2024. The share of other domestic steel producers increased therefore from around 60 % in 2011 to around 73 % in 2024.

⁽⁶⁾ ADI Energia S.r.l., ADI Holding S.p.A., ADI Servizi Marittimi S.r.l., ADI Socova S.a.s. and ADI Tubiforma S.r.l., all in *amministrazione straordinaria* provide in-house services supporting the production and sales of the beneficiary. For instance, the fleet of ADI Servizi Marittimi S.r.l. in AS boasts 1 cargo vessel, 4 pusher boats and 8 barges, is also used for transport services to the Genoa plant and from there to Novi Ligure plant and to Racconigi, Legnago and Paderno Dugnano sites. ADI Energia S.r.l. in AS supplies electricity to the Taranto plant.

2.1.3. *Financial difficulties of the beneficiary*

- (12) As reported by the extraordinary commissioners ⁽⁷⁾, in the opening accounts for the first six months of extraordinary administration ending on 31 August 2024, the beneficiary registered a net operating loss of EUR 647 million, which continued up to EUR 634 million recorded on 31 December 2024 and EUR 793 million recorded on 30 June 2025.
- (13) Acciaierie d'Italia in AS has suffered from incidents and outages, reducing its output and worsening the deterioration of its financial situation. Unexpected events, such as a fire in Blast Furnace No 1 on 7 May 2025 and an ensuing seizure by the judicial authority, reduced available production capacity and, hence, related output and sales revenues ⁽⁸⁾. The beneficiary foregoes potential revenues from greater output for as long as the seizure continues; [...].
- (14) Meanwhile, the difficulties of the beneficiary were prolonged and aggravated because the negotiations to identify an investor have also taken longer than envisaged, despite the encouraging indications of many expressions of interest by suitable candidates. Indeed, in February 2025, Baku Steel Company and Jindal Steel International were shortlisted as best bidders, raising their initial offers ⁽⁹⁾. In March 2025, the consortium formed by Baku Steel Company and Azerbaijan Investment Company presented an industrial strategy along with other conditions. Baku Steel Company offered EUR 1.1 billion transfer price for the activity of Acciaierie d'Italia in AS, which included EUR 600 million for sale and purchase of inventory assets, promising EUR 4 billion in investments ⁽¹⁰⁾. However, Baku Steel Company withdrew its offer in August 2025 ⁽¹¹⁾.

2.1.4. *Liquidity during the extraordinary administration*

- (15) In this context, Italy also explains that the beneficiary has not received any rescue or restructuring aid in the past ten years. In particular, the Italian authorities explain that the undertaking has not received any kind of rescue aid. Instead, the beneficiary has received funds from public loans granted at market conditions.
- (16) Namely, the Italian authorities explain that, since entering into extraordinary administration in February 2024, three public loans were made available to the beneficiary to secure the continuation of its activity. The loans were granted with

⁽⁷⁾ Annex A I to the prenotification. Bi-annual reports of the Extraordinary Commissioners I (20.2.2024 to 31.8.2024), II (1.9.2024 to 31.12.2024) and III (1.1.2025 to 30.6.2025): Relazione semestrale dei commissari straordinari ex art. 40, comma 1-bis, d. lgs. 270/99 al 31.08.2024, in particular ACCIAIERIE D'ITALIA S.p.A. in A.S. Stato Patrimoniale. Insolvency debt refers to "Debiti Concorsuali" (totale dei crediti ammessi all'udienza di verifica delle domande tempestive del 19.06.2024). Accounting principles follow IAS/IFRS.

⁽⁸⁾ According to press reports, the Taranto plant suffered from a fire on 7 May 2025 (in Blast Furnace No 1) and a gas leakage (in the area "acciaieria 2") on 14 May 2025 that blocked its activities, see inter alia <https://www.ilfattoquotidiano.it/2025/05/14/ilva-fuga-di-gas-acciaieria-una-settimana-dopo-incendio/7987559/>, accessed on 15 January 2026. The works on the reparations were stalled as the facility was seized by the judicial authority investigating the accidents; this intervention, in turn, delayed the negotiations with the potential new investor.

⁽⁹⁾ <https://www.reuters.com/markets/commodities/baku-steel-jindal-frontrunners-buy-italys-ilva-2025-02-15/>, accessed on 15 January 2026.

⁽¹⁰⁾ <https://gmk.center/en/news/acciaierie-ditalias-authorized-representatives-received-the-green-light-for-sale-negotiations/>, accessed on 15 January 2026.

⁽¹¹⁾ <https://www.agenzianova.com/en/news/Former-Ilva%3A-Baku-Steel-steps-back--Jindal-and-Bedrock-remain/>, accessed on 15 January 2026.

five years maturity at a market-based interest rate of 11.6 % ⁽¹²⁾ each, amounting to, respectively, EUR 320 million “bridging loan” (July 2024) ⁽¹³⁾, further increased by EUR 100 million (May 2025) ⁽¹⁴⁾, and another EUR 200 million (August 2025) ⁽¹⁵⁾, with specific provisions governing their priority in repayment. Moreover, to secure liquidity for operations, a pool of investors led by Morgan Stanley granted, on 6 December 2024, an additional market-based loan facility for a maximum amount, not fully used, of EUR 250 million, at a 11.5 % interest rate, collateralised with a pledge over inventories of finished products, of which EUR 170 million is currently effectively drawn down, due to the reduced level of activity. The Italian authorities confirm that the first two public loans were granted directly to Acciaierie d'Italia in AS, while the third public loan was granted to Ilva S.p.A. in AS and fully transferred to Acciaierie d'Italia in AS. The funds from all three loans were managed within the cash treasury framework of Acciaierie d'Italia in AS. Part of the resources from the loans was subsequently disbursed to the subsidiaries through intercompany transactions to settle outstanding invoices.

- (17) The legal bases of the three public loans, in derogation to the applicable insolvency code, determined a seniority of privileged repayment over all senior loans recorded in the insolvency procedure, including collateralised debt, and over other privileged debt that could have been or could be raised during the extraordinary administration procedure. Except for the collateral pledged on the financing arranged by Morgan Stanley, there have not been other loans giving rise to claims against Acciaierie d'Italia in AS, or Ilva S.p.A. in AS, that benefit from the same privileged derogatory regime for their priority in reimbursement.
- (18) In advance of granting the three loans, the Italian authorities assessed a business plan drawn up in April 2024, updated in March 2025, relating to the industrial development of Acciaierie d'Italia in AS. The plan showed that the beneficiary could achieve break-even on a going concern basis in 2027 and secure continued

⁽¹²⁾ An annual interest rate of 11.6 % is in an intermediate position in the range between 9.4 % and 14.11 %, the values of which are determined as follows: the lower value, 9.4 %, is based on the spread and rating implicit in the interest coverage ratio (ICR) of Acciaierie d'Italia in AS. The ICR is calculated as the ratio between EBIT (earnings before interest and taxes) and the interest expenses that the company undertook to pay. In the case of Acciaierie d'Italia in AS, this ratio implies a rating of B3/B-, which in turn is associated with a spread of 5.2 % over the risk-free rate. This risk-free rate is identified by the Italian authorities at 4.2 %, implying a market interest rate of 9.4 %; the upper threshold value, 14.11 %, is determined on the basis of the Communication from the Commission on the revision of the method for setting the reference and discount rates – (OJ C 14, 19.1.2008, p. 6), according to which, the market rate can be calculated as a base rate of 4.11% in July 2024, published by the Commission, increased (in this specific case) by a spread of 10 %.

⁽¹³⁾ The “*prestito ponte*” (“bridging loan”) of EUR 320 million was provided by interministerial decree of 17 July 2024, pursuant to Article 1 (1-sexies) of Decree-Law No 142/2019 (as amended by Article 2 (1) of Decree-Law No 4/2024).

⁽¹⁴⁾ The public loan of EUR 320 million amount was increased by EUR 100 million to EUR 420 million amount, pursuant to Article 3 (11) of Decree-Law No 202/2024 (converted into Law No 15/2025), substituting the amounts, with the same governing provisions.

⁽¹⁵⁾ The public loan was granted by interministerial decree of 8 August 2025 pursuant to Article 1(2) of Decree-Law No 92/2025, which reads: “*L'amministrazione straordinaria della società ILVA S.p.A. provvede alla restituzione allo Stato dell'importo corrispondente ai finanziamenti concessi ai sensi del comma 1, per capitale, interessi e spese maturate, entro il termine di 120 giorni dalla data di cessione degli impianti predetti a valere sulle somme corrisposte quale prezzo di vendita o, in mancanza, entro il termine di 5 anni dalla data di concessione del prestito, in ogni caso in prededuzione rispetto ad ogni altra posizione debitoria della procedura, anche in deroga all'articolo 222 del codice della crisi d'impresa e dell'insolvenza, di cui al decreto legislativo 12 gennaio 2019, n. 14.*”

operations allowing for repayment of the loans ⁽¹⁶⁾. In addition, the granting of each of the three loans was preceded by a specific assessment of repayment made available to the responsible Ministry, as follows ⁽¹⁷⁾:

- Financing granted for an amount of EUR 320 million by decree of 17 July 2024: the application by the extraordinary commissioners to the Ministry of Economy and Finance dated 17 June 2024 pointed out that expected cash flows, including those stemming from the 20 % share for the beneficiary of the estimated proceeds from transfer of the business plus the net transfer value of inventory, estimated to EUR 640 million and also accruing to the beneficiary, could ensure reimbursement of the loan with interest. On 10 July 2024, the opinion of the financial adviser (Deloitte) appointed by the Ministry reviewed and confirmed the reasonableness of the assumptions underlying the application.
 - The further increase of financing granted for an amount of EUR 100 million followed an application by the extraordinary commissioners completed on 25 February 2025, which stated that the loan increased up to EUR 420 million in total would be less than the EUR 550 million proceeds from the asset transfer accruing to the beneficiary, consisting of: up to EUR 100 million from the 20 % of the transfer price that would be channelled to the beneficiary, and EUR 450 million from value of inventory owned by the beneficiary and taken over by the bidder, already net of EUR 150 million owed on the financing facility from Morgan Stanley, taking into account that the State loan would have priority over privileged debt. The expert financial opinion (Società S.C.A. S.r.l.) of 18 April 2025 preceding the granting decree of 15 May 2025 confirmed the ability of the beneficiary to repay, based on the updated business plan.
 - The financing of EUR 200 million granted to Ilva S.p.A. in AS and channelled to the beneficiary on request of the extraordinary commissioners was premised on a reimbursement with interest by the extraordinary administration within 120 days from the transfer of the business or otherwise within five year from granting, as per the provisions (Article 1) of the law-decree 92 of 26 June 2025. The application dated 10 July 2025 considered that the proceeds expected from the transfer of inventory assets (valued, between June and September 2025 in a range between EUR 650 million and EUR 680 million) would allow reimbursement of the loan at the planned dates of closing with the new operator, taking into account the privilege of reimbursement.
- (19) The proceeds from the ongoing transfer of the productive activities of Ilva S.p.A in AS, as carried out by the extraordinary administration under the current lease contract or, in the event that the business is not transferred, the proceeds from the liquidation of the assets of Ilva in AS and of the beneficiary, are intended to satisfy the three public loans.
- (20) In that respect, in the period in which the three loans were granted, the value of the assets of Ilva in AS, operated by the beneficiary, and of the other subsidiaries that are also under extraordinary administration and managed by the extraordinary

⁽¹⁶⁾ Project Elba, April 2024, p. 20, as subsequently integrated by Progetto Elba, Piano Industriale-Scenario Rivisto, Marzo 2025, p. 8.

⁽¹⁷⁾ Submission of the Italian authorities on 26 January 2026.

commissioners evolved during the administration as follows ⁽¹⁸⁾. The value of the Ilva assets operated by the beneficiary was EUR 3.51 billion by 31 August 2024 and remained high: total asset value of EUR 3.26 billion as of 31 December 2024 and EUR 3.57 billion as of 30 June 2025. For the productive assets used by the subsidiaries also under extraordinary administration, the additional value of assets also increased from EUR 4.05 billion by 31 August 2024 to EUR 4.53 billion as of 30 June 2025. In contrast, the combined liabilities burdening the assets of Ilva in AS operated by the beneficiary and related subsidiaries also under extraordinary administration markedly increased in the same period and reached EUR 6.53 billion, of which EUR 4.15 billion of insolvency debt by 30 June 2025 ⁽¹⁹⁾.

- (21) Pending the completion of the transfer process, the beneficiary is currently in an unsustainable liquidity position barring access to financial markets, without the backing of shareholders that are no longer in control thereof and which would not have any prospect to earn any return or right in financially supporting the beneficiary, whether in liquidation or in the planned asset transfer preceding.

2.2. Description of the rescue loan

- (22) As explained in the legal basis provided in the notification (Article 3-bis of the Draft Law (A.S. 1731-A) converting Decree-Law No. 180 of 1 December 2025), in the context of the ongoing extraordinary administration procedures of Ilva in AS and Acciaierie d'Italia in AS, in order to allow the continuation of the production activity until the actual transfer or sale of the assets (“*cessione del compendio aziendale*”) to third parties, and provided that the sale of the assets has not taken place by 30 January 2026, the Ministry of Economic Affairs and Ministry of Enterprises may grant to Ilva in AS interest-bearing financing, following a specific request from the extraordinary administration on the basis of a transitional management plan linked to the state and timing of completion of the procedure. According to the legal basis, Ilva in AS may either use the resources itself or transfer them, at the request of the special administration, to Acciaierie d'Italia in AS. Italy explains that the financing provided by the rescue loan will only be used to cover the liquidity needs of Acciaierie d'Italia in AS.
- (23) The rescue loan amount to which the legal basis refers will be up to a maximum of EUR 390.8 million disbursed in one or more instalments and shall bear interest in accordance with the Communication from the Commission on the revision of the method for setting the reference and discount rates applying the reference rate, increased by 400 basis points ⁽²⁰⁾. The loan shall be repaid within six months of disbursement, in respect of principal and interest, from the proceeds of the sale of the company business (“*compendio aziendale*”) to third parties. If the resources derived from the transfer are insufficient, the company to which the transfer is

⁽¹⁸⁾ The Italian authorities provided the balance sheets related to the productive assets of Ilva in AS - operated by ADI in AS and other subsidiaries in AS- that are intended for transfer against consideration to the new operator/buyer/lessor (Annex A to the pre-notification (Bi-annual reports of the Extraordinary Commissioners I (20.2.2024 to 31.8.2024), II (1.9.2024 to 31.12.2024) and III (1.1.2025 to 30.6.2025): Relazione semestrale dei commissari straordinari ex art. 40, comma 1-bis, d. lgs. 270/99 al 31.08.2024)

⁽¹⁹⁾ Based on the current assumptions underlying the envisaged transaction, only a symbolic consideration is expected for the transfer of operation of these assets, with the exception of inventories, for which the counterparty has indicated its willingness to pay an amount corresponding to the actual stock levels as at the date of closing of the transaction.

⁽²⁰⁾ OJ C 14, 19.1.2008, p.6.

awarded shall be jointly and severally liable for the repayment obligation, without prejudice to the right to enter itself in the liabilities of the procedure.

- (24) The Italian authorities presented a six-months liquidity plan of the beneficiary showing the reasonably expected cash inflows and outflows detailed by main categories: revenues from operation, other revenues, main cost categories including inputs, staff, energy, financial costs etc, as well as the expected net cash shortfall planned to be covered by the rescue aid. The projected liquidity needs of Acciaierie d'Italia in AS show a net cash balance position of EUR 56 million by end of January 2026 becoming already negative by end of February 2026 and increasingly thereafter, with a cumulated shortfall totalling EUR 390.8 million by end of June 2026.
- (25) The Italian authorities confirm that the rescue aid will only finance, for the survival of the beneficiary, the uncovered costs that expected operating revenues will not suffice to face during the rescue period. By May 2026, the beneficiary is expected to reach the operating conditions required by the prospective buyer as suspensive conditions for closing, namely two active blast furnaces in operation and steel production of at least 160 thousand tonnes per month. Hence, the Italian authorities expect to complete the transfer of assets and operation, bringing the mandate of the extraordinary administration to an end.
- (26) The Italian authorities also consider that neither the aided activity, nor the measure breach Union environmental law. The aid does not finance new activities, structural investments or capacity expansions that could lead to environmental non-compliance. In particular, the Italian authorities consider that neither the aided activity, nor any aspects of the notified State aid measure that are indissolubly linked to the object of the aid are breaching Union environmental law. It follows from the notification that the beneficiary has been maintaining its steel production well below the authorised ceiling and that its projections for the future months envisage volumes of activity (assuming an annualised output of at least 1.92 million tonnes) that are similarly far below those ceilings ⁽²¹⁾.
- (27) The legal basis provides that the loan may not be disbursed until the Commission authorises the aid pursuant to Article 108(3) TFEU. The Italian authorities also undertake, not later than six months after the rescue aid measure has been authorised, to communicate to the Commission one of the following:
- proof that the loan has been reimbursed in full;
 - a restructuring plan or
 - a liquidation plan setting out in a substantiated way the steps leading to the liquidation of the beneficiary within a reasonable time frame without further aid.

2.3. Counterfactual to the measure

- (28) The Italian authorities stress that the beneficiary's main site in Taranto is located in Apulia / Puglia, a region that has recorded a persistently higher unemployment rate than both the Italian and EU averages over the last years. Istat-reported regional data show unemployment in Puglia at ~12.1 % (2022), 11.6 % (2023) and 9.3 % (2024), consistently above the EU unemployment rate (6.1 % in 2022 and in 2023 and 5.9 % in 2024). The Italian authorities explain that the regional economy has a limited capacity to rapidly absorb a large, specialised industrial

⁽²¹⁾ Recitals (9) and (30).

workforce (e.g., blast furnace and steelmaking operations, maintenance, utilities, logistics), which makes the risk of long-term unemployment of staff adding to structurally high unemployment particularly acute if the beneficiary's operations ceased abruptly.

- (29) The Italian authorities explain that the Taranto plant also secures the operational continuity and economic viability of the Port of Taranto, which relies significantly on steel-related inbound and outbound traffic (raw materials, semi-finished and finished products). According to the Italian authorities, an abrupt cessation of activities would therefore have material adverse consequences on port operations, logistics services and associated employment, further amplifying the negative socioeconomic impact on the region.
- (30) The Italian authorities also consider that the beneficiary plays a systemic role both at regional and national level as Italy's main integrated steel producer and a key supplier of flat steel products to a broad range of downstream industries. The supplies of the beneficiary involve(d) on average (between 2021 and 2024) around 3 million tonnes per year of highly customised steel products worth EUR 2.5 billion, meeting input requirements of up to 10-15% of manufacturers such as Marcegaglia, SAIPEM, Fincantieri, CNH, Stellantis or Ariston. In the past, when production reached up to over 8 million tonnes per year, the steel output of the business now operated by the beneficiary covered over 30 % of Italian demand of steel products.
- (31) The Italian authorities indicate that the Taranto integrated plant, together with the related finishing capacity, also plays a systemic role both locally and nationally: it anchors a large industrial ecosystem and supplies critical inputs for downstream manufacturing including users of flat steel. An abrupt cessation of operations would therefore fatally disrupt the supply chains of these industries, forcing an immediate heightened exposure to price volatility, longer delivery times and supply security risks. Such a shock would have material negative consequences on induced activity, competitiveness and employment downstream at national level.

2.4. Legal basis of compatibility with the internal market

- (32) The Italian authorities consider that the rescue loan involves State aid that, in light of the exceptional circumstances of the European steel markets in which the beneficiary operates and the purpose to avert the serious and irreversible consequences of an abrupt cease of operations, is compatible with the internal market pursuant to Article 107(3), point (c), TFEU.
- (33) The Italian authorities consider that important developments in the internal market underpin the need for rescue and restructuring aid to ensure the continued operations of the beneficiary. Since 2014, the EU and Italian steel markets have experienced a structural decline in production and capacity. As submitted in the notification, whilst Germany, Italy, Spain and France account for more than half of crude steel production (61 % all four Member States in 2024) in the Union, such production steadily decreased from 168 million tonnes in 2011 to 126 million tonnes in 2023. However, steel demand in Italy has been stable at around 25 million tonnes per year, within a range of 22-28 million tonnes between 2011 and 2024. More markedly during the same period, at the EU level, demand for steel decreased by 7 %. In the context of declining production in the Union, the Italian authorities underline the persisting reliance on rising imports to the EU and to Italy that intensifies pressure on EU steelmakers. From being a net exporter of

steel (all products) the EU has become a net importer up to 11 million tonnes in 2024. Those imbalances have been exacerbated by external factors.

- (34) In respect of external factors, the Italian authorities also consider that steel companies in the EU are experiencing a deep crisis due to the trade and economic policies of the People’s Republic of China, the United States of America and Türkiye. In particular, the Chinese steel sector would continue to benefit from extensive State support, including preferential financing conditions, subsidised energy inputs and capacity maintenance, which contribute to persistent global steel overcapacity and sustained export pressure on international markets. In the United States of America, trade policy measures affecting steel, most notably the continued application of Section 232 tariffs and related restrictions, have altered global trade flows and contributed to trade diversion towards the EU market. With regard to Türkiye, the strong export orientation of its steel industry, supported by favourable cost conditions and industrial policies, has resulted in sustained and significant export volumes to the EU, notwithstanding existing trade defence instruments.
- (35) The Italian authorities further indicate that these external policy-driven pressures are compounded by the fact that EU steel producers operate under significantly more stringent environmental and climate regulatory frameworks than many third-country competitors. In particular, EU steelmakers would face substantial compliance and investment costs linked to carbon pricing and environmental regulation, which are not borne to the same extent by producers in the above-mentioned third countries, thereby exacerbating competitive asymmetries in the EU steel market. In that market setting, the Italian authorities consider that the Taranto plant and related business represent a strategic asset for the Italian and EU steel sector, and its closure would entail an irremediable loss.

3. ASSESSMENT OF THE MEASURE

3.1. Existence of aid

- (36) According to Article 107(1) TFEU, “[s]ave as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market”.
- (37) The qualification of a measure as aid within the meaning of this provision therefore requires that the following cumulative conditions be met: (i) the measure must be imputable to the State and financed through State resources; (ii) it must confer an advantage on its recipient; (iii) that advantage must be selective; and (iv) the measure must distort or threaten to distort competition and affect trade between Member States.
- (38) The rescue loan is imputable to the Italian State and granted through its resources because it will be financed from funds of the State budget and granted by decision of the Ministry of Economic Affairs and/or the Ministry of Enterprises.
- (39) The rescue loan allows the beneficiary to finance its liquidity gap and continue its production activity until completion of the transfer procedure. The beneficiary finds itself in an unsustainable financial position, unable to cover its costs, with

no prospect of viability as a going concern ⁽²²⁾. However, despite the deteriorated financial situation, the rescue loan bears interest at a rate lower than market conditions ⁽²³⁾ and, therefore, provides an economic advantage that the beneficiary could not obtain on the market. That the resources may be channelled to the beneficiary via Ilva in AS is immaterial to the advantage conferred to the beneficiary, for the effect -and stated purpose- of the rescue loan is to allow the continuation of steel production of the beneficiary until completion of the transfer procedure. In that setting, Ilva in AS passes the advantage of the amount of loan on to the beneficiary in full. Any secondary effects for Ilva in AS of its assets continuing being utilised for production are an inherent feature of the aid measure and are not capable of constituting a distinct economic advantage entailing more or different aid than the amount of the rescue loan transferred to the beneficiary. Likewise, for the other subsidiaries in extraordinary administration that provide services to the beneficiary, such as maritime transport between production and finishing sites or energy ⁽²⁴⁾, any indirect effects of the loan, such as enabling the payment of their services by the beneficiary, is not capable either of constituting a distinct economic advantage entailing more aid than the amount of the rescue loan.

- (40) The economic advantage enshrined in the loan is granted to a single beneficiary and to its steel production, at Italy's discretion, based on ad hoc provisions of law applicable only to this loan, for the amount of the beneficiary's specific liquidity needs ⁽²⁵⁾. It follows that the economic advantage favouring the beneficiary and its steel production is manifestly selective, since no other undertaking in Italy producing steel or in a different sector can rely on similar funding under these provisions of law.
- (41) Production and sale of steel are open to competition and trade between Member States. The beneficiary produces and sells steel in competition with other suppliers that finance their operations at market conditions and sell in Italy and in other Member States ⁽²⁶⁾. By granting an advantage that the beneficiary cannot find at market conditions, the rescue loan is liable to affect competition and trade between Member States.
- (42) In light of the above, the Commission concludes that the rescue loan in favour of Acciaierie d'Italia in AS involves State aid within the meaning of Article 107(1) TFEU and will therefore assess its lawfulness and compatibility with the internal market.

3.2. Lawfulness of the aid

- (43) By notifying the rescue loan before its granting and by making that granting subject to Commission's approval and notification to Italy of the decision to approve the rescue loan ⁽²⁷⁾ the Italian authorities complied with their obligations under Article 108(3) TFEU.

⁽²²⁾ Recitals (12), (14)(21).

⁽²³⁾ Recitals (23), and (83).

⁽²⁴⁾ Recital (6).

⁽²⁵⁾ Recitals (22) (23) and (24).

⁽²⁶⁾ Recital (11).

⁽²⁷⁾ Recital (27).

3.3. Compatibility of the aid

- (44) According to Article 107(3), point (c), TFEU, the Commission may consider State aid compatible with the internal market if it is granted to facilitate the development of certain economic activities or certain economic areas, provided that such aid does not adversely affect trading conditions to an extent contrary to the common interest.
- (45) That is without prejudice to the fact that decisions adopted by the Commission in State aid matters must ensure compliance with Union law ⁽²⁸⁾. In this context, Italy considers that neither the aided activity, nor any aspects of the notified State aid measure that are indissolubly linked to the object of the aid, breach Union environmental law ⁽²⁹⁾.
- (46) It does not appear from the notification that the rescue aid, or the conditions attached to it, or the economic activities facilitated by the aid, could entail a violation of a relevant provision of Union law. The Commission has not received any complaints or information that might suggest that the rescue aid, the use to which it will be put or the conditions attached to it might be contrary to relevant provisions of Union law or linked to any such breach.
- (47) The Commission notes that an infringement procedure is ongoing since 2013 on Italy's failure to fully and correctly transpose and implement Directive 2010/75/EU of the European Parliament and of the Council ⁽³⁰⁾ and on its failure to ensure that the Taranto plant operates in compliance with EU law on industrial emissions ⁽³¹⁾. However, the rescue loan is not linked to any such infringement. The beneficiary's activity of steel production is, as such, not in breach of Union law; the object of the aid or any modalities thereof do not entail that the beneficiary of the aid must conduct its activity in breach of Union environmental law. Indeed, the aid will be exclusively used to meet operating costs, such as contractual wages and supplies, for a few months. It follows that, as the Italian authorities explain in the notification ⁽³²⁾, neither the aided activity, nor the aid or its object, or any aspects of the notified aid that are indissolubly linked to the object of the aid, breach Union environmental law.
- (48) As regards the legal basis for the assessment of the compatibility of this measure, in its 2014 Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty ("R&R Guidelines"), the Commission considered that aid for rescuing and restructuring steel undertakings in difficulty was not justified. The exclusion of the steel sector from rescue or restructuring aid in 2014 was solely due to significant European and global overcapacity that prevailed at the time ⁽³³⁾. However, notwithstanding this exclusion, the Italian authorities consider in the notification that Article 107(3), point (c), TFEU provides a legal basis for the compatibility with the internal market of the rescue aid, given, in

⁽²⁸⁾ Judgment of the Court of Justice of 22 September 2020, *Austria v Commission*, C-594/18 P, EU:C:2020:742, paragraph 20.

⁽²⁹⁾ Recital (26).

⁽³⁰⁾ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

⁽³¹⁾ Procedure (INFR(2013)2177) regarding Directive 2010/75/EU as interpreted by the Court in Case C-626/22 regarding permits to Ilva in Taranto.

⁽³²⁾ Recital (26).

⁽³³⁾ Communication from the Commission - Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (OJ C 249, 31.7.2014, p. 1), point 15.

particular, the modified situation in steel markets and the serious social and economic consequences that the rescue aid aims at averting⁽³⁴⁾.

- (49) State aid within the meaning of Article 107(1) TFEU in a sector which is not covered by specific guidelines that the Commission sets for its assessment can nonetheless enjoy a derogation, if its purpose is to facilitate the development of certain activities while the aid does not adversely affect trading conditions to an extent contrary to the common interest. The Commission cannot waive, by the adoption of guidelines, the exercise of the discretion that Article 107(3), point (c), TFEU confers on it. Accordingly, the exclusion of the steel sector from the scope of the R&R Guidelines does not relieve the Commission of its obligation to examine the circumstances relied on by Italy, for the purpose of requesting the direct application of Article 107(3), point (c), TFEU in this case.
- (50) Since the Commission excluded the steel sector from the R&R Guidelines in July 2014 solely due to the situation of production overcapacity, it is appropriate to consider in the compatibility assessment whether conditions for steel production and sale in the internal market now differ from those which justified the exclusion of steel from rescue and restructuring aid.
- (51) In its Communication of 25 March 2025, “A European Steel and Metals Action Plan” the Commission notes that the Union is the only major steelmaking region worldwide seeing a decrease in capacity, in a context of growing global excess capacities that are not economically justified by global steel market developments and outlooks, subsidies and trade distortions which impact the internal market for steel products⁽³⁵⁾. Likewise, when assessing the extent of competition between steel producers in the internal market, the Commission also observed the lack of spare capacity in the Union since steel producers were operating near full capacity and were unlikely to increase such capacity, which also implies that there were no overcapacities in steel production within the Union⁽³⁶⁾.
- (52) In respect of the exceptional circumstances relied on by Italy⁽³⁷⁾, the Commission finds that the structural situation in terms of steel production, capacity and sales in the internal market substantially differs from the one of overcapacity prevailing in July 2014, when the Commission adopted the R&R Guidelines, as evidenced by the following facts⁽³⁸⁾:
- EU production of crude steel has been reduced by approximately one fifth, since 2014. EU production, which was 157 million metric tonnes in 2014, went down by 19 % to 127 million in 2025; related operating production

⁽³⁴⁾ Recitals (28) to (31).

⁽³⁵⁾ COM (2025) 125 final of 25.3.2025, p. 8.

⁽³⁶⁾ See, in particular, Commission Decision of 7 May 2018 declaring a concentration compatible with the internal market and the functioning of the EEA Agreement (Case M.8444 — ArcelorMittal/Ilva), OJ C 351, 1.10.2018, p. 9, where the Commission concluded: “*EEA competitors [of ArcelorMittal and Ilva] appear to have limited spare capacity readily available, and hence have limited ability to expand their sales, and it is unlikely that they would increase their capacity with further investments*”, recital (606). See also Commission Decision of 11 June 2019 declaring a concentration incompatible with the internal market and the functioning of the EEA Agreement (Case M.8713 – Tata Steel/ThyssenKrupp/JV), OJ C 24, 22.1.2021, p. 23: “*Moreover, market participants consistently report high capacity utilisation rates and very limited spare capacity across the industry... The merged entity [Tata Steel/ThyssenKrupp] would face limited constraints in its ability to raise prices as all smaller European competitors operate at near full capacity*”, recitals (22) to (24).

⁽³⁷⁾ Recital (33).

⁽³⁸⁾ EU market data from Eurofer: European Steel in Figures (2025), figures rounded.

capacity of 224 million tonnes in 2014 also decreased by 12 % in 2024; yet final consumption of all steel products only decreased by 1.6 % to 134 million metric tonnes in the period and slightly increased compared to 2013.

- Steel imports to the Union increased by 4 % since 2015 and, now, every year since 2019, address demand. Exports of steel products, whilst decreasing noticeably by 30 % since 2015, no longer absorb the former EU excess production in respect of a domestic stable or decreasing demand in the Union. The gap between domestic production and final consumption of steel products in the Union is, therefore, increasingly met with imports.
 - Indeed, from a positive net export balance (export minus imports) for all steel products of around 3 million tonnes and exports of 27.7 million in 2015, the EU market moved to a net import position (-2.53 million tonnes) since 2019, before the COVID-19 pandemic. The net import position of the Union increased thereafter to an annual figure consistently around -10 million tonnes (-10.7 million in 2024). Imports to the EU of flat rolled products that the beneficiary supplies increased by 12 % between 2015 and 2024 whilst, in the same period, exports decreased by 35 %.
- (53) In view of the above, the Commission considers that, in the light of the current conditions of competition in the EU steel industry within the internal market, the situation of EU-wide overcapacity that the Commission identified in 2014 as a reason for denying rescue and restructuring aid to steel producers no longer prevails. On this ground, the positive effects of the aid to the beneficiary may therefore outweigh its negative effects on competition and intra-EU trade, provided that the rescue loan facilitates the development of certain economic activities or certain economic areas, if such aid does not adversely affect trading conditions to an extent contrary to the common interest.
- (54) The Commission will therefore examine the compatibility of the aid under Article 107(3), point (c), TFEU. However, while the R&R Guidelines exclude the steel sector from their scope for reasons that are no longer valid today, they still constitute a valid point of reference to inform the assessment of aid in the form of a rescue loan in the present case.
- (55) In its assessment of compatibility of the aid under Article 107(3), point (c), TFEU, the Commission must therefore verify, as Italy claims (i) whether the aid contributes to the development of an economic activity or an economic area and (ii) whether the positive effects of the aid outweigh the negative effects triggered by the distortion of competition it creates so that there would be no undue affectation of trading conditions between Member States.

3.3.1. *Development of certain economic activities or areas*

- (56) In assessing whether rescue aid can be declared compatible with the internal market, the Commission first examines whether the State aid contributes to the development of certain economic activities or areas in accordance with Article 107(3), point (c), TFEU, which objective would not be achieved without the aid.
- (57) Whilst the State intervention is indeed necessary to avert an abrupt cease of operations of the beneficiary, merely covering the liquidity needs of Acciaierie d'Italia in AS in the months ahead and artificially maintaining it afloat to prevent its exit from the market does not constitute a sufficient justification for rescue aid. However, in certain situations, rescuing and averting the market exit of an undertaking in difficulty may contribute to the development of the economic

activities or areas to which Article 107(3), point (c), TFEU refers, beyond the very operations carried out by the beneficiary in its current business model. This is so where the aid aims to prevent social hardship or address a market failure inhibiting the development of the economic activities or areas concerned that would be affected by such situations.

- (58) In the European Steel and Metals Action Plan, the Commission strives to mobilise all tools at the service of a strong, prosperous and resilient steel sector, ensuring the prosperity of its workforce, to promote and protect quality industrial jobs ⁽³⁹⁾. In the circumstances, the rescue aid averts a serious social hardship that would ensue if the thousands of industrial workers potentially concerned by an abrupt cease of operations of the beneficiary increased unemployment in the Apulia/Puglia region. The Apulia/Puglia region suffers from serious and persistent unemployment, accompanied by difficulty in creating new employment, as evidenced by an unemployment rate persistently and considerably higher in the last three years than the Union average unemployment rate ⁽⁴⁰⁾.
- (59) In that context, the risk of cessation of activities of Acciaierie d'Italia in AS is very serious in the absence of liquidity to meet payments imminently falling due to its suppliers and workers, as of February 2026. An abrupt discontinuation of activity would therefore fail to protect quality industrial jobs in the region concerned, contrary to the objective that the aid pursues and that the Commission promotes. Such discontinuation would also have negative consequences, upstream for local suppliers, as well as transport logistics in the region and area of Taranto, which would face a drastic reduction of activities, thus aggravating further the situation of social hardship ⁽⁴¹⁾.
- (60) The Commission has also noted that the steel sector is vital for the EU's economic security and social stability, with strategic importance, Europe's edge in high-value and other steel and base metals products is a crucial asset for many downstream industries and products. Accordingly, the Competitiveness Compass identified steel as a key area for action ⁽⁴²⁾. Whilst the avoidance of social hardship in the region or economic area concerned is a sufficient condition, it is also apparent that Acciaierie d'Italia in AS sells steel products for a wide variety of industries downstream and plays a key role as sole operator of a vertically integrated business supplier of crude steel in Italy ⁽⁴³⁾.
- (61) Negative consequences from market exit are also likely within the limited time horizon of six months of the rescue loan in terms of disruption, delays or price increases in the supply chain nation-wide, downstream to the activity of automotive suppliers and components, white goods and appliances, construction and infrastructure projects, packaging or mechanical engineering. Those industries rely on customised grades and types of flat steel products that Acciaierie d'Italia in AS supplies, where competing suppliers would not necessarily immediately step in instead to maintain uninterrupted supply. Given that the situation of serious social hardship in the region concerned and the risk

⁽³⁹⁾ Commission communication "A European Steel and Metals Action Plan" COM(2025) 125 final of 25.3.2025, p. 13.

⁽⁴⁰⁾ Recital (28) and (29).

⁽⁴¹⁾ Recital (28) and (29).

⁽⁴²⁾ Commission communication "A European Steel and Metals Action Plan" COM(2025) 125 final of 25.3.2025, p. 1.

⁽⁴³⁾ Recital (30).

of loss of high quality industrial jobs therein is established if the beneficiary ceased operations, it is not necessary to conclude whether the rescue aid also averts potential negative consequences from the immediate exit of an undertaking with an important systemic role in the sector as a supplier of an important steel input for Italian industries downstream.

- (62) In light of the foregoing, the continuity of Acciaierie d'Italia in AS's operations prevents a situation of serious social hardship and market failure for the workers and economic activity in the region of Apulia/Puglia.
- (63) It also follows from the context and financial situation in which the rescue aid is planned that, without intervention by the State, Acciaierie d'Italia in AS is almost certainly condemned to going out of business in the short term. Indeed, Acciaierie d'Italia in AS is undergoing insolvency proceedings pronounced by the Court in Milano⁽⁴⁴⁾. Neither can the beneficiary any longer mobilise funding at market terms to ensure survival until the business activity is transferred, which is expected imminently, a fortiori given existing privileged loans still outstanding, with priority over hypothetical new loans at market terms, even if secured.
- (64) At the same time, there can be no expectation of the beneficiary's difficulties being solved by a larger business group to which it would belong, because no such group exists. ArcelorMittal and Invitalia have been dispossessed and have lost all legal rights to operate Acciaierie d'Italia in AS. Extraordinary Commissioners took office to manage and administer the business and activity instead.
- (65) As regards the majority shareholder of the beneficiary, the Commission has already recognised that the business no longer belongs to the ArcelorMittal group since 2024, nor would ArcelorMittal plausibly be in a position to re-acquire control over the Ilva assets⁽⁴⁵⁾. Since the beneficiary was the vehicle through which ArcelorMittal – together with Invitalia – exercised control over Ilva's business, the loss of that control means a loss of control over the beneficiary's affairs, since the latter were limited to operating that business, which will be transferred in the ongoing procedure. Thus, ArcelorMittal group cannot reasonably be expected to deal with the beneficiary's difficulties.
- (66) The considerations set out above are equally relevant as regards Invitalia, the other shareholder of Acciaierie d'Italia in AS. In addition, as resources belonging to Invitalia would qualify as State resources, and as the contemplated rescue of the beneficiary is not achieved on market terms (either by a third party or by the private majority shareholder), any rescue intervention by Invitalia would most likely qualify as State aid, and hence would not exclude the need for State aid in the present case.
- (67) The provision of liquidity support to the beneficiary by the existing shareholders cannot thus be realistically expected or requested. The Commission thus concludes that Acciaierie d'Italia in AS is not in a position to cover its immediate liquidity needs documented in its liquidity plan by having recourse to financing from its shareholders or from the market. Hence, there is a real risk of the beneficiary having to cease operations, given that it would be unable to pay for

⁽⁴⁴⁾ Recitals (3) to (8).

⁽⁴⁵⁾ In Decision C(2024) 8402 final of 28.11.2024 in case M.8444 - ARCELORMITTAL / ILVA, the Commission found that ArcelorMittal no longer holds control over Ilva and would also not be in a position to re-acquire control within the meaning of Council Regulation (EC) No 139/2004 over Ilva in any other way, for example, by means of settling any debts and liabilities of Acciaierie d'Italia or its subsidiaries (recitals 24 to 30). See also footnote 19.

essential inputs to its production, which suppliers could cease trading, and wages to its 10 000 staff, which could also cease activities in the absence of rescue aid.

- (68) By supporting the ongoing operation of the beneficiary, the aid averts the latter's market exit and the ensuing risk of market failure and social hardship that would likely materialise in the absence of the aid.

3.3.2. *No effect on trading conditions to an extent contrary to the common interest*

- (69) For an aid measure to be declared compatible with the internal market under Article 107(3), point (c), TFEU, the positive effects of such aid must outweigh the aid's negative effects on competition and trade. In relation to rescue aid to undertakings in difficulty, such as the one assessed in this Decision, the Commission considers that this condition is met when the aid is appropriate in terms of form, duration and remuneration, when it provides temporary liquidity support of normal operating needs rather than financing improvements or expansion, and when it is proportionate to the beneficiary's liquidity needs arising within its duration. When the aid follows any previous State aid to the same undertaking (a previous still outstanding aid covered by a recovery order, or a previous aid provided to rescue or restructure the undertaking), such circumstances need to be taken into account in the assessment, to consider, respectively, the cumulative impact of the aid measure and the distortive effects, on competition and trade, of repetitive rescue or restructuring interventions concerning the same undertaking.

3.3.2.1. Appropriateness of the rescue aid

- (70) An aid measure may be compatible with the internal market if no other, less distortive measures allow the same objective to be achieved.
- (71) In the present case, firstly, the prospect of covering the beneficiary's upcoming liquidity needs through market financing has been discarded⁽⁴⁶⁾. Secondly, the aid instrument envisaged is a repayable instrument in the form of a loan, less distortive than a grant or subsidy. Thirdly, the rescue loan will be remunerated, at an interest rate corresponding to the reference rate for Italy set out in the Reference Rate Communication⁽⁴⁷⁾ plus 400 basis points⁽⁴⁸⁾. This interest rate corresponds to a proxy of collateralised market financing costs of weak undertakings. Whilst still providing an advantage over market terms, the level of interest charge reduces the distortions of competition when compared to competitors financing liquidity for current operations at market terms. The Commission considers this level of remuneration to be appropriate for a rescue aid with the characteristics as described above. Fourthly, the loan must be repaid in a maximum of six months from the disbursement of the first instalment⁽⁴⁹⁾ and is, thus, temporary in nature. Concretely, Italy committed to communicating to the Commission, no later than six months after authorisation, that the rescue loan has been repaid, or a restructuring plan or a liquidation plan⁽⁵⁰⁾. The Commission is also satisfied that the liability for reimbursement extends to the acquirer of the used for the beneficiary's productive activity⁽⁵¹⁾. Fifthly, the Commission notes

⁽⁴⁶⁾ Recital (21).

⁽⁴⁷⁾ Commission notice on current State aid recovery interest rates and reference/discount rates applicable as from 1 March 2025 (OJ C 1375, 27.2.2025).

⁽⁴⁸⁾ Recital (23).

⁽⁴⁹⁾ Recital (23).

⁽⁵⁰⁾ Recital (27).

⁽⁵¹⁾ Recital (23).

the declaration by the Italian authorities that the loan must be used only to cover normal operating costs ⁽⁵²⁾. Accordingly, the beneficiary will not use the rescue aid to finance structural measures, expansion or activities other than maintaining its current operations.

- (72) In view of the above, the Commission concludes that the form of the aid and conditions of the rescue loan allow rescuing the beneficiary in the least distortive way, and that the aid is thus appropriate.

3.3.2.2. Proportionality of the aid/aid limited to the minimum

- (73) Rescue aid aimed at maintaining operations must not exceed the minimum needed to achieve the objective pursued. This is so when it is restricted to the amount needed to keep the beneficiary in business, notably as duly justified by a liquidity plan setting out the beneficiary's liquidity needs for the period concerned by that aid, which should be short and not exceed the time needed for the preparation of a restructuring plan or a liquidation plan. In this context, the Commission accepts rescue aid that covers liquidity needs for a period of up to six months.

- (74) The Italian authorities submitted a liquidity plan setting out the beneficiary's liquidity needs covering the period from 1 January until 30 June 2026 ⁽⁵³⁾. The liquidity plan reasonably reflects the short-term liquidity needs of the beneficiary. In particular, it includes cash outflows related to normal and typical operating costs incurred in steel production and sale. The loan amount does not exceed the cash shortfall from February until 30 June 2026 and, thus, covers a period of less than five months starting from the date of the present Decision ⁽⁵⁴⁾.

- (75) The aid, therefore, does not exceed the minimum necessary to keep the beneficiary in business until the sale procedure and asset transfer are effective or, in any event, until 30 June 2026.

- (76) In light of the above, the Commission concludes that the notified rescue aid is restricted to a minimum amount and is consequently proportional.

3.3.3. *Avoidance of undue negative effects on competition and trade contrary to the common interest*

- (77) The negative effects on competition and trade between Member States of the rescue aid to Acciaierie d'Italia in AS must be sufficiently limited, so that the overall balance of the measure is positive. In principle, rescue aid that is sufficiently limited in amount and time, whilst being provided in appropriate reimbursable instruments is apt to reduce distortions of competition and trade.

- (78) Indeed, the Commission considers that rescue aid, such as the one in the case at hand, even though it does interfere with the natural process of market exit of inefficient operators, has a limited impact on competition and trade. This is by reason of the aid's repayable form, of its limited duration, and of its restricted role that only supports the beneficiary's current operations, without financing any structural changes, in a limited period of time. Indeed, the aid in the present case is a loan, repayable in six months, and it only finances the beneficiary's normal operating costs expected in a period of approximately five months.

⁽⁵²⁾ Recital (25).

⁽⁵³⁾ Recital (24).

⁽⁵⁴⁾ Recital (25).

- (79) Furthermore, in the present context of steel markets in the Union as described, the rescue aid merely maintains temporarily the existing production capacity in Italy and competitive position vis-à-vis other steel suppliers elsewhere in the internal market. The sizeable and abrupt capacity reduction that would follow market exit is not necessary to reduce overcapacities that no longer exist in the Union steel markets. Any possible future restructuring aid, including through extension or continuation of the rescue loan, should be premised on reducing market presence of Acciaierie d'Italia in AS, thus not allowing increases of capacity.
- (80) In such cases, the Commission considers that, in principle, the positive effects of the aid – in terms of avoiding a situation of market failure or social hardship that would likely occur in the absence of the aid – outweigh its negative effect on competition and trade, provided that the grant of the aid is an isolated operation, which does not add to a distortion of competition caused by other, unlawful and incompatible aid measures that have not been repaid (in line with the *Deggendorf* case-law⁽⁵⁵⁾), and does not follow previous rescue or restructuring aid interventions (the ‘one time, last time’ principle).

3.3.3.1. ‘One time, last time’ principle

- (81) In principle, the Commission considers that rescue and restructuring aid can be granted to undertakings in difficulty in respect of only one rescue or restructuring operation. Therefore, where less than ten years have elapsed since rescue aid or restructuring aid were granted to the beneficiary in the past or the restructuring period came to an end or implementation of the restructuring plan was halted – whichever occurred the latest – the Commission will, in principle, not allow further aid, provided that no exceptional and unforeseeable circumstances concur for which the beneficiary is not responsible (the ‘one time, last time’ principle).
- (82) The Italian authorities stated in the notification that the beneficiary has not benefited from any rescue or restructuring aid in the past ten years⁽⁵⁶⁾. Whilst State aid to steel undertakings in difficulty for rescue or implementation of a restructuring plan is not allowed under the R&R Guidelines, the Commission’s records on past aid confirm the statement of the Italian authorities. According to the information available through the transparency award module, Acciaierie d'Italia in AS since February 2024 or its predecessor Ilva in AS, whilst being in difficulty because of their insolvency, do not appear as beneficiaries of ad hoc aid or of individual aid under schemes that would contravene the ‘one time, last time’ principle in the previous ten years⁽⁵⁷⁾. The same is notably true with regard to past State aid to which the Commission Decision of 21 December 2017 on aid to Ilva SpA in AS relates, which was granted more than ten years ago and, therefore, does not contravene the ‘one time, last time’ principle⁽⁵⁸⁾.

⁽⁵⁵⁾ Judgment of 15 May 1997, *Textilwerke Deggendorf v Commission and Others*, C-355/95 P, EU:C:1997:241.

⁽⁵⁶⁾ Recital (15).

⁽⁵⁷⁾ ILVA S.p.A. appears as beneficiary of EUR 195 392 individual aid granted on 12 February 2018 by the Piemonte Region under a scheme (SA.48912) to make good the damage caused by certain natural disasters (Article 50 GBER), which does not exclude undertakings in difficulty, nor does it amount to unlawful rescue or restructuring aid, see <https://webgate.ec.europa.eu/competition/transparency>.

⁽⁵⁸⁾ In this regard, Italy duly recovered with interest the aid element (economic advantage over market conditions) embedded in the EUR 300 million and other loans constituting State aid, last granted on 15 December 2015, that were the object of Commission Decision (EU) 2018/1498 of 21

- (83) With regard to the three public loans having provided -directly or via Ilva S.p.A. in AS- liquidity to Acciaierie d'Italia in AS for the continuation of its economic activity in July 2024, May 2025 and August 2025, at market terms according to Italy ⁽⁵⁹⁾, they were all three provided in a relatively close timeframe of 13 months by the same grantor and at the same pricing with the same objective of providing liquidity for maintaining operations of the beneficiary until a transfer of the productive activity is completed, premised on expectations of proceeds from the transfers. The fact that one of the loans was granted to Ilva S.p.A. in AS is not relevant in this regard, since the objective of that loan was similarly to support the beneficiary's operation and the corresponding funds were channelled to the beneficiary. Because all three loans were granted or channelled to the beneficiary for the continuation of its productive activity with the same assets, the fact that funds made available under of those loans were channelled by Ilva S.p.A. in AS does not have a bearing on the assessment whether there have been reiterated interventions to Acciaierie d'Italia in AS. All three loans were granted in the same circumstances of the extraordinary administration procedure, even if the financial situation of the beneficiary worsened during that procedure. The three loans can, therefore, be analysed as a single funding intervention in favour of the beneficiary. This notwithstanding, the analysis in the recitals that follow remains sufficient also if the market-conformity of the loans were to be assessed individually for each loan.
- (84) The pricing of the three public loans in terms of interest rate is in line with market conditions. Indeed, the assessment of the public loans at issue shows that an 11.6 % interest rate charged on them is very close to the average market interest on unsecured EUR issuances by similar low creditworthy issuers of 11.7 % in 2024 - or respectively even above 10.8 % in 2025 - ⁽⁶⁰⁾.
- (85) The average market benchmarks of five-year maturity issuances in 2024 (11.7 %) and in 2025 (10.8 %), well above low risk issuances, convey the information on the market requirements of coupled risk and remuneration asked for high loss given default issuances by risky borrowers such as Acciaierie d'Italia in AS, which had to pay more than five times the price paid on funding by low risk (AAA rating) issuers ⁽⁶¹⁾. Observed prices of relatively risky non-collateralised market loans thus corroborate the market conformity of the 11.6 % interest charged for the risk taken on them. Whilst average market rates of the benchmark reflect dispersion, the benchmarking includes interest rates around 7 % (below average rates), for which no evidence suggests they were below market conditions ⁽⁶²⁾.

December 2017 on the State aid and the measures SA.38613 (2016/C) (ex 2015/NN) implemented by Italy for Ilva SpA in Amministrazione Straordinaria (notified under document C(2017) 8391), OJ L 253, 9.10.2018, p. 45.

⁽⁵⁹⁾ Recitals (15) to (20).

⁽⁶⁰⁾ Data from Standard & Poors Capital IQ, EUR - Materials - CCC rating – 5 year maturity - All In Yield - Annual Compounding, accessed on 9 January 2026. The sample includes 26 issuances of securities and covers sectors such as steel and aluminium.

⁽⁶¹⁾ The market risk/reward market requirement is best illustrated by comparing average yields of risky issuers and risky issuances with average yields of low-risk securities such as German bonds with the same five-year maturity: the market benchmarks of such issuances were more than five times higher than German bonds in 2024 (2.27%) and more than 4.5 times higher than (2.23%) German bonds in 2025. German five year bonds yields, monthly averages 1.1.2024 to 31.12.2024 and 1.1.2025 to 31.12.2025, [Germany 5-Year Bond Historical Data - Investing.com](https://www.investing.com/markets/bonds/germany-5-year-bond-historical-data)

⁽⁶²⁾ To the effect of determining market prices in presence of ranges of market observations and data, see Judgment of the General Court in case T-150/20 EU:T:2022:443, paragraphs 69 to 76.

- (86) In other words, the price benchmarking of the risk which market lenders were prepared to take in 2024 and in 2025 on loans granted with high probability of not being fully reimbursed in case of default shows that the risk taken by the Italian State on the three loans at issue was adequately priced by the 11.6 % interest rate that the Italian authorities charged, even under the assumption that the three loans at issue had also high probability of not being fully reimbursed in case of default. This assumption is, however, not in line with the assessment available to the Italian authorities in advance of granting each of the loans in question ⁽⁶³⁾.
- (87) Moreover, as an additional check of market conformity, it is worth noting that the approach determining the 11.6 % rate charged on the loans takes into consideration the Commission Communication on the reference and discount rates, which sets out proxies of market rates in the absence of directly observable benchmarks. In such instances, the Communication provides guidance for assessment of financing also when the expected loss in percentage of the debtor's exposure, taking into account recoverable amounts from collateral and the bankruptcy assets, is above 60 % of the loan ⁽⁶⁴⁾. Indeed, the examination must consider the low creditworthiness of Acciaierie d'Italia in AS ("CCC" rating under the Communication) and the possible loss if it defaulted on the loans.
- (88) However, the absence of collateral for the three loans in question is alleviated by their privilege of repayment and, hence, seniority over all other liabilities of the beneficiary, including collateralised ones, as well as over other liabilities arising after the opening of the insolvency proceedings, except the collateralised funding provided by Morgan Stanley and used – at the time – up to EUR 150 million ⁽⁶⁵⁾. That the privileged repayment in the case at hand results from provisions of public law is no impediment to market conformity. A high privilege of repayment over pre-existing loans is a conceivable outcome at market terms, and the use of public law to achieve this outcome is not decisive nor rules out that a hypothetical market lender would have acted as a public lender did. The Commission is thus satisfied that the pricing of the three public loans at issue appears also in line with proxies of market rates set out in the Commission Communication on the reference and discount rates.
- (89) Likewise, the approach to pricing of the public loans that the Italian authorities followed mirrors and follows on the one that the Commission applied in the negative decision with recovery of 21 December 2017 on aid to Ilva in AS notified to the same Italian authorities. In the circumstances of continuation of production activities during AS extraordinary administration, pending a transfer of the operation of the business with the same productive assets of Ilva in AS, that is the predecessor and financial intermediary of the beneficiary for the loans at hand, the Commission grounded on its Communication on the reference and discount

⁽⁶³⁾ Recital (18).

⁽⁶⁴⁾ Communication from the Commission on the revision of the method for setting the reference and discount rates – (OJ C 14, 19.1.2008, p.6), footnote 6.

⁽⁶⁵⁾ A mechanical application of the reference rates in the period from July 2024 until August 2025, absent any collateral for a CCC rated issuer would result in a range between 14.12% (4.11%+10%) to 12.21% (2.21%+10%) for senior but not fully privileged loans; that is, without consideration of privilege of repayment of the loans in question over all other claims from loans, including fully collateralised loans. The 11.6% charged is above rates for CCC issuers with high collateralisation (+ 4% over reference rates of 4.11% and 2.21%) and with medium collateralisation (+ 6.5% over reference rates of 4.11% and 2.21%). In other words, the privilege of repayment for the loans in question justifies mark-ups lower than 705 bp and 939 bp ensuing from a deduction of, respectively 295 bp (2024) and 61 bp (2025) differences on the 1 000 mark-up applicable to low collateralisation.

rates its conclusions on non-market conformity of - much lower - interest rates charged for public loans or guaranteed loans of similar amount ⁽⁶⁶⁾.

- (90) Taking into account seniority in repayment, which was lower than for the three public loans at issue now, the pricing of the three loans by the Italian authorities at 11.6 % interest rate is also in line with market proxies derived from the Communication, which takes already into account a potentially high loss of more than 60 % of loan amounts that a market lender could have expected if Acciaierie d'Italia in AS defaulted in servicing the three public loans taking into account recoverable amounts from the operated assets in bankruptcy.
- (91) Nonetheless, subsidiarily to the pricing of the loans in terms of very high interest rate based on a loss given default higher than 60 % of loan amounts, the contemporary evidence available to and reviewed by the Italian authorities shows that, throughout the period within which the public loans were granted in July 2024 (EUR 320 million), extended in May 2025 (by EUR 100 million), and August 2025 (EUR 200 million), a market lender would have also granted the loans in question in consideration of the proceeds that could have been expected from the transfer of the assets of Acciaierie d'Italia in AS and Ilva in AS operated by the beneficiary. Indeed, the proceeds from transfer or sale in bankruptcy of the assets in question were (and remain) available to repay the three loans and related interest as per the legal bases governing their granting ⁽⁶⁷⁾.
- (92) The beneficiary, together with its subsidiaries in AS, was operating the assets of Ilva in AS, for whose operation ArcelorMittal had paid EUR 1.8 billion in the case of Ilva in AS, with a bid higher in 2017 than the EUR 1.2 billion second best bid made by the consortium led by Jindal Steel International - which also bid again in February 2025 for the operation of the same assets. Therefore, when the loans were granted, the loan amounts were significantly lower than the expected value of transfer of those assets now operated by the beneficiary. This lower boundary of observed market value of transfer from market operators active in steel production willing to operate the same assets in 2017 is also validated by the best bid for an amount of EUR 1.1 billion in consideration of the value of operating the assets in March 2025, after due diligence carried out by Baku Steel Company ⁽⁶⁸⁾, in the context of the ongoing transfer process.
- (93) A consideration for the transfer of the asset in excess of EUR 1 billion reflecting the strategic valuation made by acquirers active in steel production was coupled with the business plan drawn up in April 2024 and updated in March 2025. The business plan showed that the public loans could be reimbursed on a going concern basis, whilst the granting of each loan was preceded by an additional reasoned assessment of their likelihood of reimbursement, with interest, based on estimated resources accruing specifically to the beneficiary. The respective assessments concluded all three positively as to the plausible reimbursement of each of the three public loans ⁽⁶⁹⁾. Indeed, the amount of consideration offered by the consortium led by Baku Steel Company included around EUR 600 million of inventory assets in the books and warehouses of the beneficiary and a portion of the price for the business equal to EUR 100 million accruing to the beneficiary before that bid was withdrawn in August 2025. In the absence of objective factors having deteriorated the long term usage value and attractiveness of the assets in

⁽⁶⁶⁾ Commission Decision of 21 December 2017 on Aid to Ilva S.p.A. in AS, recitals 189 and following.

⁽⁶⁷⁾ Recitals (14) to (19).

⁽⁶⁸⁾ Recitals (14).

⁽⁶⁹⁾ Recital (18).

question for the selected industrial operator - or a different one with another business plan like, for instance, the second best bidder - it was therefore reasonable to conclude that these funds would have been available to satisfy the privileged claims on EUR 620 million cumulated amount of the loans at issue, with priority to existing loans or liabilities that were subject to the insolvency procedure, as ex ante assessed before the granting.

- (94) It follows that the granting authorities, or a market lender in the same position, would have validly considered that, based on the market value of and expected proceeds from operating the assets that were subject to the transfer process, as documented by bids from ArcelorMittal's, Jindal Steel International or Baku Steel Company, such proceeds would have been sufficient to satisfy the claims on the loans in question, had they been defaulted.
- (95) Finally, in a worst-case scenario of asset sale in liquidation if the transfer would not have attracted market interest, a market lender would have also been satisfied that the claims on the public loans would in all likelihood be fully met. In that respect, whilst observed market bids are empirically more informative than inferred or accounting valuations, between August 2024 and end June 2025, the information provided by the Italian authorities shows that the book value of the assets of Ilva in AS operated by Acciaierie d'Italia and its subsidiaries in AS exceeded EUR 7.5 billion at the lowest point (31 June 2025). The net value thereof (after deduction of all liabilities) was EUR 1.57 billion by then on 30 June 2025. In the assumption that the consideration paid by an interested investor for the operation of the same assets would have been below the outstanding amounts due on the three public loans, the Italian authorities - or a market lender in the same position - could be satisfied that the proceeds from asset sales of the insolvent estate would have largely sufficed to reimburse the loans in priority over other claims in the liquidation bankruptcy mass, even at liquidation values with 80-90 % discount over book value ⁽⁷⁰⁾. However, at this stage, given the expected transfer of assets, the value of the assets of the beneficiary in liquidation to satisfy the claims on the loans remains unobservable in the foreseeable future nor predictable with any reasonable degree of accuracy, given expected implementation of a new and different business plan by a new operator ⁽⁷¹⁾.
- (96) Accordingly, a market lender in the same position and with the same information that was available to and reviewed by the Italian authorities would have also been satisfied that, the loans in question could have been eventually repaid with the value of transfer and/or sale of assets operated, despite increased operating losses. In other words, that the expected loss of the (State) lender in percentage of the debtor's (beneficiary) exposure, taking into account the recoverable amounts first from the proceeds of the transfer procedure and, if not, from eventual sale of assets in bankruptcy, would not have been the 60-100 % of the loan amount that is reflected in the 11.6 % interest rate charged on the loans.
- (97) It follows that, whilst the beneficiary - or its predecessor Ilva in AS - has not received rescue or restructuring aid in the past ten years, there is no indication that since its declaration of insolvency and entry into extraordinary administration, the beneficiary would have received unlawful State aid that could be characterised as rescue or restructuring aid. Therefore, the rescue aid respects the "one time, last time" principle.

⁽⁷⁰⁾ Recital (20).

⁽⁷¹⁾ Recital (8).

3.3.3.2. Deggendorf principle

(98) The beneficiary is not subject to an outstanding recovery order under a Commission decision finding a previous State aid unlawful and incompatible ⁽⁷²⁾. Therefore, the Commission's assessment does not need to take account of the cumulative effect of the rescue aid and of any such other aid. In particular, the Commission notes that the aid referred to in the 2017 December 2017 on the State aid and the measures SA.38613 (2016/C) (ex 2015/NN) implemented by Italy for Ilva⁽⁷³⁾ has been fully recovered with interest .

3.3.3.3. Conclusion on the negative effects on competition and trade

(99) Therefore, by temporarily maintaining the beneficiary in current operation, the rescue aid to Acciaierie d'Italia in AS does not have undue effects on competition and trade in the internal market for production and sale of steel.

3.3.4. *Transparency*

(100) Member States, the Commission, economic operators and the public must have easy access to all relevant acts and pertinent information about the aid awarded. The Commission notes that Italy undertakes to make publicly available the relevant information on the aid granted ⁽⁷⁴⁾.

(101) The Commission also takes note of the commitment of the Italian authorities to notify a restructuring plan not later than six months after the aid has been authorised, or, alternatively, communicate to the Commission proof that the rescue loan has been reimbursed or a liquidation plan as committed to in the notification ⁽⁷⁵⁾.

3.4. **Conclusion on the compatibility of the aid**

(102) In the light of the findings above, the Commission concludes that the rescue loan to be provided to Acciaierie d'Italia in AS meets the conditions of compatibility with the internal market.

(103) The rescue aid facilitates the development of an economic activity and area and does not adversely affect trading conditions in the internal market to an extent contrary to the common interest. The aid has the positive effects of averting social hardship in a region with high unemployment and difficulty to absorb and create new jobs whilst averting disruption in the regional economy. Those effects would not be achieved without the aid, whilst the aid instrument is appropriate in duration and form and proportionate in amount, so that its distortive impact is limited.

(104) Whilst merely maintaining and not increasing steel production capacity, the aid is not coupled with any other unrecovered incompatible aid and does not follow any previous State intervention to rescue or to restructure the beneficiary carried out in the last ten years. Therefore, the aid is compatible with the internal market pursuant to Article 107(3), point (c), TFEU.

(105) In order to ensure equal treatment, the Commission will follow henceforth the principles and approach set out in this Decision, in direct application of Article

⁽⁷²⁾ Recital (82).

⁽⁷³⁾ OJ L 253, 9.10.2018, p. 45. See also footnote (58).

⁽⁷⁴⁾ <https://webgate.ec.europa.eu/competition/transparency>.

⁽⁷⁵⁾ Recital (27).

107(3), point (c), TFEU, to the assessment of the compatibility with the internal market of rescue or restructuring aid to undertakings in difficulty operating in the steel sector.

4. CONCLUSION

The Commission has decided on the basis of the foregoing assessment, not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3), point (c), TFEU.

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Your request should be sent electronically to the following address:

European Commission,
Directorate-General Competition
State Aid Greffe
B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully,

For the Commission

Teresa RIBERA
Executive Vice-President

