



State aid: Commission approves €40 million rescue aid to Croatian mechanical engineering company Đuro Đaković

Brussels, 8 May 2020

The European Commission has approved, under EU State aid rules, Croatia's decision to grant mechanical engineering company Đuro Đaković a State guarantee for a €40.31 million (HRK 300 million) loan. The measure will allow the company to meet urgent liquidity needs and continue its activities, without unduly distorting competition in the Single Market. Đuro Đaković's financial difficulties pre-date the COVID-19 outbreak and the support measure was approved under the [Commission's Guidelines on rescue and restructuring](#).

On 20 March 2020, Croatia notified the Commission of its decision to grant a State guarantee on an approximately €40 million (HRK 300 million) loan in favour of Đuro Đaković d.d. ("Đuro Đaković"). The State guarantee will help the company obtain the funds necessary to cover its liquidity needs for the next six months.

Đuro Đaković employs 794 people and has a diversified industrial portfolio including defence, transport, industry and energy. The core business of the company is the manufacturing of freight wagons for special purposes. Đuro Đaković is located in the Eastern part of Continental Croatia, in an area with high unemployment and low job creation.

Đuro Đaković is facing difficulties due to internal and external factors, to a large part related to the cutbacks in national military spending in the last few years.

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 Guidelines on rescue and restructuring](#) allow Member States to support companies in difficulties, provided, in particular, that the public measures are limited in time and scope and contribute to an objective of common interest.

In the present case, the Commission found that the State guarantee is necessary to allow Đuro Đaković to continue production, deliver on contracts already entered into and avoid layoffs in a structurally disadvantaged area. Moreover, the company's liquidity needs over the six next months are based on reasonable assumptions. Finally, Croatia committed to provide a restructuring plan for Đuro Đaković within six months following the first disbursement of the guaranteed funds.

The Commission therefore concluded that the measure is compatible with EU State aid rules.

The approved aid does not address any damage caused to the company by the coronavirus outbreak and has not been approved in the context of the recent crisis, but is required to address the longer term difficulties faced by Đuro Đaković, which predate the current situation.

The non-confidential version of today's decision will be made available under the case number SA.56216 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](#).

IP/20/836

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