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Subject: State Aid SA.58817(2020/N) – Italy
State aid scheme to support freight transport by inland waterways

Excellency,

1. PROCEDURE

- (1) By electronic notification of 1 October 2020, the Italian authorities notified the Commission, in accordance with Article 108(3) of the Treaty on the Functioning of the European Union ('TFEU'), their plan to introduce an aid scheme to support freight transport by inland waterways (the “measure” or the “notified measure”).
- (2) On 20 November 2020, 29 January and 1 July 2021, the Commission requested additional information from the Italian authorities on the notified measure. On 28 December 2020, 26 February, 7 May, 2 July and 30 August 2021 the Italian authorities submitted additional information.
- (3) Italy exceptionally agreed to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958¹ and to have this decision adopted and notified in English.

¹ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

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2. DESCRIPTION OF THE MEASURE

2.1. Objective and scope of the measure

- (4) The objective of the notified measure is to support freight transport by inland waterways with a view to strengthening the intermodal transport chain and developing the modal shift of freight traffic from the road to the inland waterway network.
- (5) The Italian inland waterway network is part of the TEN-T Core Network within the Mediterranean Corridor. It extends mainly along the natural course of the Po river, which forms the “Po - Veneto Waterway System” and covers mostly the Piedmont, Lombardy, Emilia Romagna and Veneto Regions.² For the purpose of the notified measure, the Italian inland waterway network includes: (i) the Italian inland waterways making up the Veneto-Po river system, the inland waterways in the Friuli Venezia Giulia Region, the Italian inland waterways included in the "List of waterways of international importance" annexed to the “European Agreement on major waterways of international importance” signed in Geneva on 19 January 1996; (ii) the river-maritime routes connecting inland ports to the Adriatic Sea and the Tyrrhenian Sea.
- (6) The Italian inland waterway network covers the Regions of Piedmont, Lombardy, Emilia Romagna and Veneto. In 2019, over 48% of Italy’s GDP came from these Regions.³ In that area, there is a network of artificial and natural channels, which have historically been used for transport of goods and people. However, according to the Italian authorities, those channels have been exploited only to a limited extent, especially as regards the transport of goods. Therefore, Italy considers that the notified measure will contribute to significantly reducing the frequent congestion of motorways and railways in that area, and will provide a significant contribution to the reduction of CO2 emissions from road transport.
- (7) The notified measure takes the form of direct grants for: (i) the modernisation of the inland waterways fleet; and (ii) the partial coverage of operating costs, relating to the additional costs of switching from road to inland waterway transport.
- (8) In the view of the Italian authorities, the notified measure primarily contributes to the development of freight transport by a more sustainable transport mode, with a view to reducing the negative effects on the environment such as road congestion, accidents and pollution. It also helps

² The national network also includes an artificial canal of 16 km, located in central Italy, between the ports of Livorno and Pisa. In addition, the inland waterway system includes the connection between the navigable canals of the Po Valley and the Aussa Corno through the Venetian lagoon as well as the marine belt immediately overlooking the coastline, classified by law as part of inland waters. Following the investments financed as part of the development of the Mediterranean Corridor (TEN-T network), from March 2018 37 kilometres of inland waterways were added to the network, by virtue of the construction of the new basin of Isola Serafini, located in the province of Piacenza (Emilia Romagna region), which made the Po River again navigable from the Adriatic Sea to Piacenza.

³ Data source: Italian National Institute of Statistics (ISTAT).

implementing multimodal interconnections with the existing road and rail networks, thus improving the industrial competitiveness of the regions served by the inland waterway network.

- (9) The notified measure is part of a broader modernisation policy of the Italian inland waterway transport system, which follows up and builds on the projects for the infrastructural upgrade of the Northern Italy Waterway System, which were implemented and co-financed by EU funds as part of the TEN-T Core Network.⁴
- (10) The notified measure also complements the Ferrobonus and Marebonus aid schemes.⁵ The measure contributes to pursuing the objectives of the 2015 “National Strategic Plan for Port and Logistics activities” that aims at promoting the intermodal chain and developing inland waterway transport.
- (11) The Italian authorities explain that the inland waterway system of Northern Italy represents an opportunity to connect the numerous industrial activities of the Po Valley and the Northern Adriatic Sea, through an east-west connection between the river ports, located in the west, and the seaports of the Northern Adriatic, located in the east of Italy. It offers a very large reserve of capacity if integrated into a combined transport system. However, the inland waterway freight transport in Italy witnessed a gradual contraction as of the 1970s, mainly due to the higher efficiency and lower costs of road transport, which led many inland waterway operators to leave the sector. It suffers the limit of both cargo breaks, which inevitably occur for certain categories of goods, and longer journey times compared to road transport, which act as a deterrent for shippers. In addition, the existing fleet is obsolete and consists almost exclusively of pushed convoys. Vessels in use are old and small, and do not allow for economies of scale, which is why the waterway system is not competitive. Therefore, according to the Italian authorities, it is necessary to equip the fleet with “IV” and “V generation barges”⁶ and to optimise the management of the service (frequency, hold capacity and adequate scheduling), in order to improve the cost-effectiveness of the inland waterway transport system.
- (12) Against this background, the Italian authorities explain that the notified measure aims at making the Italian inland waterway system competitive

⁴ See in particular the project for the Improvement of the Northern Italy Waterway System (INIWAS) co-financed by the 2014-2020 Connecting Europe Facility (CEF), see <https://ec.europa.eu/inea/connecting-europe-facility/cef-transport/apply-funding/2014-cef-transport-calls-proposals>. INIWAS aimed at raising the navigability standards of the Po-Veneto waterway system through infrastructural works such as the reconstruction and adaptation of basins, bridges and embankments. The project’s infrastructural investments, worth EUR 46.414 million, aimed at increasing the inland waterway freight traffic along the Po-Veneto waterway network and to double the freight volumes transported by 2024 up to 628,864 tonnes.

⁵ See Commission decision of 24 November 2016, SA.44627 (2016/N), Italy, ‘Ferrobonus’ - incentive for rail transport, OJ C 83 of 17.3.2017 and Commission decision of 19 December 2016, SA.44628 (2016/N), Italy – ‘Marebonus’ - scheme to incentivise the highways of the sea, OJ C 68, 03.03.2017.

⁶ Classification of the Inland Waterway Transport Infrastructure in Europe (ECMT, 1992) — Motor Vessels, Barges, and Pushed Convoys, based on capacity, length, beam, draught, number of barges in convoy.

with respect to road-only transport and at increasing its intermodal share, by increasing traffic volumes and enabling the sector to exploit economies of scale. The notified measure is based on the analysis of data on freight traffic flows through the inland waterway network over the past ten years⁷ and on the estimated potential developments following the investments in infrastructure carried out in the context of the TEN-T Programme to remove the existing bottlenecks⁸. The Italian authorities expect the measure to overturn the declining trend of traffic volumes by inland waterways; the measure is expected to lead to a yearly growth rate of transport by inland waterway of more than 3% at least until 2023.⁹

- (13) The Italian authorities explain that the notified measure is built on the synergy between five sub-measures aimed at enhancing the competitiveness of inland waterway freight transport and thus at increasing the modal shift of goods from road to a more sustainable mode of transport. In particular, the five types of support combine incentives to boost freight transport by inland waterway on both the supply and the demand side.
- (14) Sub-measure A aims at promoting the necessary modernisation of the existing fleet, and thereby reducing pollutant emissions and improving the performance of transport services. Sub-measure B aims at increasing the share of freight intermodal transport by integrating inland waterway transport into other modes of transport. Sub-measure C aims at increasing the number of operators in the network by supporting activities that are not attractive due to high initial fixed costs. Sub-measure D encourages innovative solutions to increase environmental protection and energy efficiency of freight inland waterway transport. Finally, sub-measure E aims at facilitating the matching of supply and demand for freight inland waterway transport services and at increasing the reliability of inland waterway operations.
- (15) The Italian authorities indicated that the sub-measures A and D are not part of the notified measure. They are primarily aimed at improving environmental performance and innovation of inland waterway transport and are exempted from the notification obligation as they fall within the General Block Exemption Regulation (the “GBER”).¹⁰

⁷ Sources: *Conto Nazionale delle Infrastrutture e dei Trasporti (CNIT)*, Ministry of Infrastructure and Transport, Statistics Office, National Statistical System; *Unione Navigazione Interna Italiana (UNII)* (Italian Association of public bodies, businesses and stakeholders in the inland waterway transport sector). The Italian authorities indicated that existing statistics and estimates do not reflect the entirety of the traffic volumes transported through the inland waterway network, as inland waterway operators are statistically classified as maritime operators if they provide hybrid river-maritime services, which leads to the absence of a composite index reflecting the actual global traffic volumes.

⁸ Ten-T Project NAPA STUDIES for the Development of North Adriatic ports multimodal connections and their efficient integration into the Core Network (2015).

⁹ Estimate elaborated by RAM Logistica, Infrastrutture e Trasporti S.p.A. (“the RAM”), an in-house provider controlled by the Ministry of sustainable Infrastructure and Mobility.

¹⁰ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

2.2. Legal basis

- (16) The national legal basis of the notified measure is:
- Law No 145 of 30 December 2018 on budgetary rules, as amended;
 - Decree-Law No 124 of 26 October 2019;
 - Implementing Decree No 476 of 29 October 2020 (the ‘implementing Decree’).
- (17) The procedure for the selection of projects will be defined by means of an act to be adopted by the Director-General for Road Transport and for intermodality of the Ministry of Infrastructure and Mobility (the ‘Ministry’).
- (18) The implementing Decree provides that the notified measure will only be put into effect following its approval by the Commission.

2.3. Administration of the measure

- (19) The notified measure will be administered and monitored by RAM Logistica, Infrastrutture e Trasporti S.p.A. (the ‘RAM’), an in-house provider controlled by the Ministry.¹¹

2.4. Form of support

- (20) The support will take the form of non-reimbursable direct grants.

2.5. Budget and duration

- (21) The notified measure will cover a period of three years. The 3-year period will start running as of the day the act launching the selection procedure for the first year will be adopted. The scheme will be put into effect only following its approval by the Commission.
- (22) The budget of the notified measure relating to the sub-measures B, C and E amounts to EUR 11.5 million.

2.6. Beneficiaries

- (23) Eligible beneficiaries under the notified measure are (a) “EU shipowners”, or consortia thereof, as well as (b) “EU undertakings”.
- (24) For the purpose of the notified measure,
- (a) “EU shipowners” are companies with an economic activity code in the field of freight inland waterway transport operating vessels, or convoys¹² of vessels, with a net capacity per vessel or per convoy of vessel

¹¹ Article 3 of the implementing Decree.

¹² “Convoy” means one or more non-powered inland waterways transport vessels which are towed or pushed by one or more powered inland waterways transport vessels.

exceeding 300 tonnes¹³ that are registered in the Italian registers of vessels or in the inland navigation registers of other Member States and engaged in inland waterway transport activities in Italy. Consortia of shipowners are eligible provided that they are constituted of eligible “EU shipowners” already equipped with a vessel at the date of the submission of the application¹⁴;

- (b) “shippers” are EU undertakings using inland waterway transport services.
- (25) “EU shipowners” and “shippers” are eligible beneficiaries provided that they are registered in one of the Member States and they fulfil the following cumulative conditions: (i) they are not in one of the situations provided for in Article 80 of the Italian Public Procurement Code;¹⁵ (ii) complying with applicable collective bargaining agreements, social security and insurance obligations and anti-money laundering, anti-terrorism and anti-mafia requirements; (iii) not being subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market; and (iv) not being subject to collective insolvency proceedings nor fulfilling the criteria under Italian law for being placed in collective insolvency proceedings at the request of their creditors.

2.7. Eligible costs and intensities

- (26) Table 1 below provides an overview of all the sub-measures included in the notified measure, i.e. sub-measures B, C and E. Sub-measure B aims at increasing the share of freight intermodal transport by integrating inland waterway transport into other modes of transport. Sub-measure C aims at increasing the number of operators in the network by supporting activities that are not attractive due to high initial fixed costs. Sub-measure E aims at facilitating the matching of supply and demand for freight inland waterway transport services and at increasing the reliability of inland waterway operations. As explained in recital (14), sub-measures A and D are not part of the notified measure.

¹³ The Italian authorities explain that the requirement that vessels must have a net capacity of more than 300 tonnes is based on two main reasons. The first reason lies in the fact that for over 20 years the transport of goods by inland waterways has been carried out only with vessels with a net capacity exceeding 300 tons (600 tons on average), since only with this minimum tonnage this mode of transport has proven to be able to compete with the transport of goods by road. On the contrary, a vessel with a net capacity of less than 300 tons does not reach the necessary conditions of competitiveness: this type of unit is mainly used for hydraulic works and not for the transport of goods as an alternative to the road. The second reason lies in the fact that the net capacity of the “euro barge” model most commonly used today starts from 300-400 tons upwards.

¹⁴ With the exception of applications under sub-measure C.

¹⁵ Under Article 80 of the Italian Public Procurement Code, the conviction of an economic operator for certain crimes (including fraud, money laundering etc.) is a valid reason for its exclusion from the participation in a public procurement procedure.

Table 1

Sub-measures		Maximum aid intensity ¹⁶	Maximum amount per project	Overall budget by type of sub-measure
Sub-measure B — Investment grants for vessels to be used for freight inland waterway transport	B-1 Adapting inland waterway vessels, pushers or barges to consolidate or increase traffic volumes	30 % of the adaptation costs	EUR 100,000	EUR 1,000,000
	B-2 Building or purchasing inland waterway vessels, pusher craft or barges to consolidate or increase traffic volumes	40 % of the costs for studies 20 % of the costs for construction or acquisition	EUR 100,000 for studies, EUR 200,000 for construction or acquisition	EUR 1,000,000
	B-3 Building or adapting vessels, pushers or barges serving seaports	40 % of the costs for studies 30 % of the construction costs 30 % of the adaptation costs	EUR 100,000 for construction studies, EUR 600,000 for construction, EUR 40,000 for adaptation studies, EUR 100,000 for adaptation	EUR 2,250,000
	B-4 Purchase of navigational aid or software for use of the unit	30 % of the cost of purchase and installation	EUR 40,000	EUR 350,000
Sub-measure C — Investment grants to facilitate access of new freight inland waterway operators to the market		40 % of the cost of purchasing the vessel, pusher or barge	EUR 200,000	EUR 1,200,000
Sub-measure E — Grants to reduce external costs of inland waterway transport (“idrobonus”)		EUR 0,018 per metric ton loaded per km of routes taken away from the roads in Italy ^(*) ^(*) Only in the case of exceptional loads ¹⁷ , EUR	EUR 1,500,000 for the first year EUR 2,000,000 for the second year	EUR 5,700,000

¹⁶ The percentages concerning the maximum aid intensity apply to the costs considered by the Italian authorities as being eligible for support, see recitals 28 and 49.

¹⁷ As defined in Art. 10 of the Italian road traffic law (Legislative Decree no. 285/1992).

	0,018 is multiplied by the number of metric tons equivalent to the total capacity of the hold, irrespective of the actual weight of the exceptional load	EUR 2,200,000 for the third year	
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Source: Annex I to the implementing Decree.

- (27) The Italian authorities explain that the maximum amounts of the grants and the maximum intensities for sub-measures B and C were determined taking into account the categories of eligible investments, the construction costs for new vessels, the use of the vessels and the sale prices for the vessels available on the market.¹⁸

2.7.1. *Sub-measure B - Investment grants for vessels to be used for freight inland waterway transport*

- (28) Sub-measure B aims at increasing the modal shift by better integrating the inland navigation system to the multimodal logistics chains and enhancing the offer of integrated logistics services. This will be achieved by making the inland waterway fleet suitable for intercepting new multimodal traffic flows or consolidating existing fleet also in connection to seaports.
- (29) The investments eligible under sub-measure B include building, acquiring or adapting existing vessels, pushers or barges, as well as acquiring navigational aid tools and software with a view to increasing freight transport capacity by inland waterways and enhancing the provision of integrated logistics services.

2.7.1.1. *Sub-measure B1 – Investment grants to adapt inland waterway vessels, pushers or barges*

- (30) Sub-measure B1 provides financial support for the adaptation of existing vessels, pushers or barges to the needs of new traffic flows. The sub-measure includes adaptations to the expected increase in the traffic flows.
- (31) The investments eligible under sub-measure B1 are adaptations to the vessels', pushers' or barges' structure (e.g. reinforcement of the bottom or of the deck) or size and adaptations related to the handling of goods (such as on-board handling equipment, transfer systems for hazardous materials).

¹⁸ All projects financed by the notified measure shall comply with Directive (EU) 2016/1629 of the European Parliament and of the Council laying down technical requirements for inland waterway vessels (OJ L 252, 16.9.2016, p. 118).

- (32) The grants are capped at EUR 100,000 per vessel, pusher or barge throughout the duration of the notified measure with a maximum aid intensity of 30 % of the eligible costs. The Italian authorities explain that the cost of such adaptation works amounts to EUR 300,000 – 350,000 on average. Hence, the budget allocated to sub-measure B1 is expected to allow for the financing of at least ten projects.

2.7.1.2. Sub-measure B2 - Investment grants to build or purchase inland waterway vessels, pushers or barges

- (33) The aim of sub-measure B2 is to encourage the construction or acquisition of vessels, pushers or barges (new or second-hand) with a view to facilitating the modernisation of the inland waterways fleet and to contributing to a more sustainable transport mode.
- (34) Both the construction and acquisition of a vessel, pusher or barge and the related design studies for the construction are eligible to receive grants under this sub-measure B2.
- (35) With regard to the construction or acquisition of a vessel, pusher or barge, the grants are capped at EUR 200,000 per unit throughout the duration of the notified measure with a maximum aid intensity of 20% of the costs of construction or acquisition.
- (36) With regard to design studies, the grants are capped at EUR 100,000 per project throughout the duration of the notified measure with a maximum aid intensity of 40% of the cost of the studies. The Italian authorities explain that the construction or purchase cost amounts to EUR 1 million on average. Hence, the budget allocated to sub-measure B2 is expected to allow for the financing of at least ten study projects or five vessels.

2.7.1.3. Sub-measure B3 – Investment grants to build or adapt vessels, pushers or barges serving seaports

- (37) Sub-measure B3 aims at encouraging the construction or adaptation of inland waterway vessels, pushers or barges to make them suitable both for inland waterway navigation and for accessing and mooring in seaports.
- (38) According to the Italian authorities, sub-measure B3 aims at eliminating or reducing intermediate cargo breaks linked to the current technical limits of the existing units, thus contributing to making inland waterway transport competitive with respect to other freight transport modes.
- (39) Sub-measure B3 only covers projects that generate additional traffic volumes or consolidate the existing ones.
- (40) The investments eligible to receive grants under sub-measure B3 include the construction of new vessels as well as the adaptation of existing vessels in order to make them suitable to both inland waterway and river-maritime navigation. Investments intended to bring vessels in line with the applicable mandatory regulatory obligations are not eligible.
- (41) With regard to construction of new vessels, the eligible works may include (i) design studies and (ii) construction of vessels. For the design studies

the grants are capped at EUR 100,000 per project throughout the duration of the notified measure with a maximum aid intensity of 40 % of the cost of the study and pilot project. For the construction of new vessels the grants are capped at EUR 600,000 per vessel throughout the duration of the notified measure with a maximum aid intensity of 30 % of the construction costs.

- (42) With regard to the adaptation of vessels, pushers or barges, the investments eligible under sub-measure B3 include works to adapt the vessel to the specific conditions of inland waterway navigation (e.g. buoyancy reserve, stowage of containers), as well as to the specific characteristics of seaports (e.g. mooring and efficient port unloading and loading operations). The grants for adapting vessels, pushers or barges to serve seaports are capped at EUR 40,000 per vessel throughout the duration of the notified measure with maximum aid intensity of 30 % of the cost of the works.
- (43) The Italian authorities explain that the maximum amount of support is higher for the construction of new units as compared to the adaptation of existing ones, because the main purpose of sub-measure B3 is to facilitate the modernisation of the fleet used in the river-maritime transport of goods. River-maritime navigation represents the core of the inland waterway system of northern Italy: companies ship the goods from inland ports to the seaports of the Adriatic Sea, where they are loaded on sea vessels to be shipped abroad. Therefore, it is essential to facilitate the modernisation of the river-maritime fleet through the construction of new vessels whose technical characteristics and equipment will make it possible to adequately respond to the demand.
- (44) The Italian authorities further explain that on average the construction cost of new vessels suitable for river-maritime navigation amounts to up to EUR 2 million, whereas the adaptation costs of existing units amounts to EUR 300,000 – 350,000.

2.7.1.4. Sub-measure B4 – Grants for the purchase of navigation aid and software tools for vessels' operation

- (45) The objective of sub-measure B4 is to modernise the equipment of inland waterways vessels in order to facilitate their operational and logistical management and to improve their environmental performance, their safety and their productivity.
- (46) The investments eligible to receive grants under sub-measure B4 include the purchase of navigation instruments and equipment (e.g. GPS, anemometer, AIS interfaced radars¹⁹), as well as software for better operation of the vessel (e.g. load plan optimisation software), provided that their acquisition is not mandated by law pursuant to regulatory obligations.

¹⁹ The automatic identification system (AIS) is an automatic tracking system that uses transceivers on ships and is used by vessel traffic services (VTS).

- (47) The grants are capped at EUR 40,000 per vessel throughout the duration of the notified measure with maximum aid intensity of 40 % of the costs of purchase and installation works. The Italian authorities explain that the budget allocated to sub-measure B4 is expected to allow for the financing of at least nine projects.

2.7.2. *Sub-measure C – Start-up grants to facilitate access of new freight inland waterway operators to the market*

- (48) Sub-measure C aims at increasing the number of inland waterway operators by providing financial support for the acquisition of their first vessel. In order to be eligible for support under sub-measure C, the beneficiary must undertake to maintain the status of inland waterway shipowner as defined in recital (24) for the duration over which it benefits from support.
- (49) According to the Italian authorities, sub-measure C is expected to allow for the set-up of new inland waterway operators by attracting multimodal logistics operators as well as shipowners already operating in other EU inland waterway networks.
- (50) The grants are capped at EUR 200,000 throughout the duration of the notified measure with maximum aid intensity of 40 % of the purchase price of the vessel. The Italian authorities explain that a realistic estimate of the cost to purchase a new unit by a new company on average amounts to around EUR 500,000. Hence, the budget allocated to sub-measure C is expected to allow for the financing of at least ten studies or five / six vessels for the set-up of new inland waterway operators.

2.7.3. *Sub-measure E – Grants to reduce external costs of inland waterway transport ('idrobonus').*

- (51) The purpose of sub-measure E is to encourage the modal shift from road to inland waterways for the transport of goods by reducing the price demanded from the shipper for the transport of goods by inland waterways as compared to the cheaper, but more polluting transport by road. The Italian authorities explain that the grants reducing the costs of inland waterway freight transport operations aim at encouraging the signing of shipping contracts between the shippers and inland waterway operators, thereby contributing to a more stable and environmentally sustainable freight transport system. To that purpose, 60% of each grant will be paid to the shipper, i.e. the EU undertaking using inland waterway transport services, and 40% of the grant will be paid to the inland waterway operator, i.e. the EU shipowner transporting the goods by inland waterway on the shipper's request.
- (52) The grants are awarded exclusively for the use of vessels with a net capacity of more than 300 tonnes and irrespective of the manner in which the goods are stowed (e.g. in swap bodies, containers, bulk, exceptional cargoes).
- (53) The grants amount to EUR 0.018 for each metric tonne on board, multiplied by the kilometres of road transport avoided on the Italian

motorway or road network. The Italian authorities explain that the amount equivalent to EUR 0.018/unit was established by reference to the Commission's study on inland waterways,²⁰ which is based on the methodology set out in the Commission's Handbook on external cost in the transport sector.²¹ The Italian authorities further explain that the unit amount of EUR 0.018 corresponds to 6.6% of the estimated total cost of freight transport by inland waterway for transport distances within 200 km as reported by the European Court of Auditor's Special Report on Inland Waterway Transport in Europe.²²

- (54) For transport of exceptional loads by inland waterways, the amount equal to EUR 0,018/unit is multiplied (i) by the number of metric tons equivalent to the total capacity of the hold, irrespective of the actual weight of the exceptional load, and (ii) by the kilometres of road transport avoided on the Italian motorway or road network. The Italian authorities explain that this "reward mechanism" is specifically designed for exceptional load transport operations that entail very high external costs to further support the choice of inland waterway as a more sustainable transport mode than road-only.
- (55) The grants concern only short-range inland waterway or river-maritime freight transport services connecting ports located in Italy along the Adriatic Sea.²³ To that purpose, when applying for grants, the beneficiaries must submit one single project of at least one-year duration indicating each agreed route, to be signed by both parties (shipper and shipowner). The project must be detailed and include the *ex ante* analysis of the environmental impact of the project, indicating the new services on new routes or the consolidation or improvement of existing services on existing routes. The project is not admissible if the shipment of the goods by inland waterways is the only possible method of shipment and

²⁰ *Assessment of potential of maritime and inland ports and inland waterways and of related policy measures, including industrial policy measures*, 2020, available at <https://op.europa.eu/en/publication-detail/-/publication/4ec82fa8-0dc6-11eb-bc07-01aa75ed71a1>. The unit avoided external cost per tonne/kilometre by inland navigation amounts to EUR 0.1146, corresponding to the difference between unit external cost of transport by truck (EUR 0.13347) and unit external cost of transport by inland waterway (EUR 0.01887), see table 39 at p. 106. By way of example, a transport service by inland waterway of an average 1,600 tonne-barge along the route between Venice and Mantua, corresponding to 140 km avoided road-only transport, would be eligible for aid amounting to EUR 4,032 (i.e. EUR 0.018 * 140 km * 1,600 tonnes), against EUR 25,680 avoided external costs for the community (i.e. EUR 0.1146 * 140 km * 1,600 tonnes).

²¹ *Handbook on the external costs of transport, Version 2019–1.1*, available at: https://ec.europa.eu/transport/themes/sustainable/studies/sustainable_en.

²² Special report no 1/2015: Inland Waterway Transport in Europe, available at: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=31393>. See in particular table 1 at page 12. According to the European Court of Auditors, the unit cost decreases over long distances. It is estimated at 2.73 euro cents per tonne-km for a transport distance of 200 km and 1.95 euro cents per tonne-km for a transport distance of 1 000 km.

²³ The grants concern only inland waterway or river-maritime freight transport services connecting ports up to Trieste to the north and up to Termoli to the south, which bring clear and predetermined environmental benefits.

therefore does not have as effect to reduce “the road leg” of the transport operation.²⁴

- (56) The Italian authorities estimate that the number of potential beneficiaries under sub-measure E will be around thirty.

2.8. Eligibility conditions and award procedure

- (57) The grants will be awarded following the assessment of the eligibility requirements and upon submission of a detailed project and timeline drawn up in accordance with the provisions set out for the specific type of sub-measure covered by the application accompanied by specific and analytical estimates submitted by the suppliers and countersigned for acceptance by the applicant.
- (58) In particular, projects under sub-measures B and C are eligible provided that the underlying investment costs exceed EUR 10,000 per project. Applications for sub-measures B1, B2 and B3 concerning the purchase or adaptation of existing vessels or the construction of vessels must be accompanied by specific and analytical estimates and by a report explaining the technical characteristics of the construction or adaptation works and the use of the vessel; in case of purchase of existing vessels, a declaration of readiness for sale signed by the owner on the same date of the application must be also attached. Applications for sub-measure E must be accompanied by an agreement for the duration of at least one year between the shipowner and the shipper indicating the transport route or routes of the goods subject to the agreement, the *ex-ante* analysis of the market situation and the estimated volumes in tons per kilometre.
- (59) Applications must be submitted before any work or activity eligible for support has started. Only invoices for works carried out after the date of submission of the application will be taken into account for the calculation of the aid.
- (60) The grant will be awarded after the RAM completes (i) the eligibility assessment, aimed to verify compliance with all eligibility conditions, and (ii) the quality assessment, aimed to select the projects with the highest added value. If the beneficiary does not comply with the eligibility conditions referred to in section 2.6 above, the grant must be paid back in full.
- (61) According to the Italian authorities, in the context of the evaluation and ranking process of the projects, the public authority in charge of the administration of the measure (the RAM) will assess whether and to what extent the projects submitted have realistic prospects of keeping the traffic transferred to the inland waterway network and therefore whether the modal shift can be expected to be effective. More precisely, the quality

²⁴ This is the case, for example, of the transport of goods from the city of Venice to the islands of the Venice lagoon or the transport of goods to the islands of the lakes and vice versa (for example, to Monte Isola in the case of Lake Iseo; to Isola di San Giulio in the case of Lake Orta; towards Isola Bella or Isola Superiore in the case of Lake Maggiore; towards Isola Comacina in the case of Lake Como; towards Isola Maggiore and Isola Polvese in the case of Lake Trasimeno).

assessment will be based on the following criteria and corresponding scores:

- (i) Relevance and impact of the project in respect to the specific sub-measure, the impact of the project on the available hold capacity, additional traffic volume or traffic to be carried out as a result of the implementation of the project and environmental benefits (up to 8 points);
 - (ii) Maturity of the project, with a view to identifying the projects that can be implemented more quickly, so as to allow a faster achievement of objectives of the sub-measure concerned. The RAM will assess whether the applicant is ready to start the investment works or whether the application concerns medium-term investments (up to 4 points);
 - (iii) Financial situation of the applicant, with a view to selecting the financially soundest projects (up to 6 points);
 - (iv) Quality of the presentation of the project, with a view to rewarding the projects with the clearest outline of the main relevant technical, logistical, financial and human resources specifications (up to 2 points).
- (62) Following the quality assessment, the RAM will draw up a ranking list of the projects. Irrespective of their ranking, projects with a rating less than 14/20 shall not be eligible.

2.9. Cumulation

- (63) Beneficiaries can apply for grants under different sub-measures.
- (64) Grants covered by the notified measure cannot be cumulated (i) with any EU funding for the same eligible costs or (ii) with *de minimis* aid or (iii) with aid granted pursuant to the General Block Exemption Regulation,²⁵ in respect of the same eligible costs, if the aid intensity allowed under the notified measure is exceeded.
- (65) Applicants from other Member States must submit a self-declaration indicating whether similar aid applications have been submitted in other Member States.

2.10. Transparency and monitoring

- (66) The information concerning the notified measure will be published on the website²⁶ of the Ministry, on the "Transparent Administration" page, under the heading "subsidies", and on the website²⁷ of the public authority in charge of the administration of the measure, namely the RAM, on the page dedicated to "incentives to intermodality".

²⁵ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

²⁶ <https://www.mit.gov.it/documentazione/ferrobonus-e-marebonus-contributi-ed-incentivi-per-interporti-ed-intermodalita>.

²⁷ <http://www.ramspa.it/cosa-facciamo/incentivi>.

- (67) The RAM and the Ministry will carry out sample checks and inspections, in order to verify the compliance with the conditions set out in the implementing Decree, and will monitor the implementation of the financed projects. To this end, the beneficiaries must transmit the requested documentation to the RAM.

3. ASSESSMENT OF THE MEASURE

3.1. Existence of aid

- (68) By virtue of Article 107(1) TFEU “*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*”.
- (69) The qualification of a measure as State aid thus requires the following conditions to be met cumulatively:
- a) the measure must be financed through State resources and be imputable to the State;
 - b) it must grant a selective advantage liable to favour certain undertakings or the production of certain goods;
 - c) the measure must distort or threaten to distort competition and
 - d) the measure must have the potential to affect trade between Member States.

3.1.1. Imputability and State resources

- (70) In order for a measure to be found as being granted by a Member State or through State resources in any form whatsoever, it must (i) be granted directly or indirectly through State resources and (ii) be imputable to the State.
- (71) The notified measure takes the form of grants that are financed directly from the budget of the Italian State; therefore, the measure involves State resources. Moreover, the measure is enacted through the Ministerial Decree No 476 of 29 October 2020 and grants are awarded by the Ministry; therefore, the decision to provide the support is imputable to the Italian State.
- (72) In light of the above, the Commission concludes that the measure is financed from State resources and is imputable to the Italian State.

3.1.2. Existence of a selective advantage

- (73) An advantage, within the meaning of Article 107(1) TFEU, is any economic benefit, which an undertaking would not have obtained under normal market conditions, that is to say in the absence of State intervention. Article 107(1) TFEU also requires that a measure, in order to constitute State aid, is selective in the sense that it favours “*certain undertakings or the production of certain goods*”.

- (74) By reducing the investment or operating costs of inland waterway operators or shippers fulfilling specific conditions via non-repayable grants, an economic advantage is conferred on the aid beneficiaries that is not available under normal market conditions.
- (75) The notified measure is selective insofar as only undertakings carrying out specific investments or operating specifically in the inland waterway sector are eligible.

3.1.3. *Effect on competition and on trade between Member States*

- (76) In accordance with settled case law²⁸, for a measure to impact competition and trade, it is sufficient that the recipient of the aid competes with other undertakings on markets open to competition.
- (77) The notified measure strengthens the position of selected undertakings carrying out investments or operating in the inland waterways sector where trade between Member States exists. Therefore, the measure has potentially distortive effects on competition and is likely to affect trade between Member States.

3.1.4. *Conclusion regarding existence of State aid*

- (78) In light of the above, the Commission concludes that the notified measure involves State aid within the meaning of Article 107(1) TFEU. The Italian authorities do not contest this finding.

3.2. **Lawfulness of the aid**

- (79) As noted in recital (17), the measure will not be put into effect before the Commission's approval. Italy further confirmed that the granting authority has not yet granted or paid any aid.
- (80) By notifying the measure before putting it into effect, the Italian authorities have respected the notification and standstill obligations laid down in Article 108(3) TFEU.

3.3. **Compatibility of the aid measure with the internal market**

- (81) Article 93 TFEU provides that "*aids shall be compatible with the Treaties if they meet the needs of coordination of transport [...]*". The concept of 'coordination of transport'²⁹ used in the Treaty has a significance which goes beyond the simple fact of facilitating the development of an economic activity. It implies an intervention by public authorities, which is aimed at guiding the development of the transport sector in the common interest.

²⁸ Judgment of the Court of 30 April 1998, *Het Vlaamse Gewest v Commission*, ECLI:EU:T:1998:77.

²⁹ See Commission decision of 9 November 2011, SA.32632 (2011/N), Belgium, ETGE - Intermodale Container Terminal Genk, OJ C 82, 21.03.2012, p. 2; Commission decision of 15 June 2011, SA.32224, Netherlands, Development of the Alblasserdam Container Transferium, OJ C 215, 21.07.2011, p. 22.

- (82) For a given aid measure to be considered to “meet the needs” of transport coordination, it has to be necessary and proportionate. Furthermore, it must be transparent and non-discriminatory and undue negative effects on competition and trade in the Union must be avoided.
- (83) Against this background, the Commission has assessed the sub-measures B, C and E and found that they meet the needs of coordination of transport insofar as they encourage a modal shift to inland waterway transport, which involves lower external costs than road transport.

3.3.1. *Development of the transport sector and contribution to the coordination of transport*

- (84) As described in section 2.1 above, the notified measure contributes to a modal shift from road transport to inland waterway transport, which contributes to the coordination of transport. The measure aims at limiting the competitive imbalance between inland waterway transport and road transport, resulting in particular from the higher external costs of the latter as compared to the former, which are not taken into account in the pricing system and make road more competitive than inland waterway. The persistence of such disparity has led many inland waterway operators to leave the sector, resulting in decreasing traffic volumes, lower investments in fleets and equipment, which have consequently become obsolete and do not allow for economies of scale, thus severely affecting the competitiveness of the sector.
- (85) In its Communication on "The European Green Deal",³⁰ the Commission noted that “*as a matter of priority, a substantial part of the 75% of inland freight carried today by road should shift onto rail and inland waterways*”. Similarly, in its Communication on a “Sustainable and Smart Mobility Strategy – putting European transport on track for the future”,³¹ the Commission noted the need for “*decisive action to shift more activity towards more sustainable transport modes (notably shifting a substantial amount of freight onto rail, inland waterways, and short sea shipping)*”, indicating that transport by inland waterways and short sea shipping should increase by 25% by 2030 and by 50% by 2050. In addition, in line with the European Green Deal³² and the Sustainable and Smart Mobility Strategy,³³ the European Commission set out a 35-point action plan (*Future-proofing European inland waterway transport – NAIADES III*) to boost the role of inland waterway transport in the mobility and logistics systems, with the core objectives to shift more cargo over Europe’s rivers

³⁰ COM (2019) 640 final of 11.12.2019.

³¹ COM (2020) 789 final of 9.12.2020.

³² See the Commission Communication on “The European Green Deal”, COM (2019) 640 final of 11.12.2019, available at the following link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1576150542719&uri=COM%3A2019%3A640%3AFIN>.

³³ See the Commission Communication on a “Sustainable and Smart Mobility Strategy”, COM(2020) 789 final of 9.12.2020, available at the following link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0789>.

and canals, and to facilitate the transition to zero-emission barges by 2050.³⁴

- (86) The Italian authorities explained that the notified measure will support the refurbishment and modernisation of fleets. Thereby the most polluting engines will be phased-out and replaced by “IV” and “V generation barges” having stricter emissions standards of performance³⁵ (see recital (11)).
- (87) Moreover, as described in recital (12), based on the analysis of the recent developments of inland waterway traffic flows and on the estimated positive trend of the growth rate of traffic volumes transported by inland waterway for the coming years, the notified measure will improve the overall transport coordination in Italy. It will promote investments that will improve the competitiveness of a more sustainable transport mode than road, thus reducing the negative externalities of the latter such as air pollution and road congestion.
- (88) In light of the above, the Commission concludes that the notified measure pursues the objective of coordination of transport.

3.3.2. *Necessity, proportionality and incentive effect*

3.3.2.1. Necessity, proportionality and incentive effect of sub-measures B and C

(a) Necessity

- (89) In its previous decisions,³⁶ the Commission has acknowledged that inland waterway transport bears higher costs than road transport. These additional costs are essentially imputable to the specific characteristics of the equipment involved, which can prevent the desired modal shift from occurring so that market forces alone are not sufficient to bring about such a shift.

³⁴ COM(2021) 324 final of 24.6.2021, available at the following link: <https://ec.europa.eu/transport/sites/default/files/com20210324-naiades.pdf>.

³⁵ Emissions from these engines are regulated as of 1 January 2017 by Regulation (EU) 2016/1628 of the European Parliament and of the Council of 14 September 2016 on requirements relating to gaseous and particulate pollutant emission limits and type-approval for internal combustion engines for non-road mobile machinery, amending Regulations (EU) No 1024/2012 and (EU) No 167/2013, and amending and repealing Directive 97/68/EC ('NRMM Regulation').

³⁶ See for example: Commission decision of 6 August 2021, SA.60177, Belgium, Aid scheme improving the quality of intermodal connections to and from Flemish seaports, OJ C 355 of 03.09.2021, p. 1; Commission Decision of 7 July 2007, N720/2006, Belgium, Octroi d'une subvention par le Port de Bruxelles aux lignes régulières de transport de conteneurs, OJ C 307 of 18.12.2007, p.10 as last prolonged with Commission Decision of 30 March 2021, SA.60451 (2020/N), Belgium, Aid for intermodal transport of containers by waterways in the Brussels-Capital Region for the period 2021 – 2025 not yet published in the OJ; Commission decision of 3 June 2015, SA 38229, Luxembourg, Aide à la promotion du transport combiné pour la période 2015-2018, OJ C 309, 18.09.2015, p.1 as last prolonged with Commission Decision of 8 July 2019, SA.51613 (2019/N), Luxembourg Prolongation du régime en faveur du transport combiné au Luxembourg, OJ C 317 of 20.09.2019, p.1; Commission decision of 9 November 2018, SA 50217, Sweden, Swedish Eco-bonus scheme for short sea shipping and inland waterway transport, OJ C 14, 11.01.2019, p.1 as last prolonged with Commission Decision of 26 March 2021, SA.56402 (2020/N), OJ C 275 of 09.07.2021, p.1.

- (90) As described in section 2.7, the sub-measures B and C are designed to overcome additional structural costs and constraints affecting inland waterways operators, as the efficiency of the vessels currently in use is severely limited by the conditions in which they operate. The increased costs affect the vessel operators' competitiveness and undermine their possibilities to modernise their fleet.
- (91) Moreover, the Commission notes that Article 8 of Council Regulation (EC) No 546/2014 of 15 May 2014 on a Community-fleet capacity policy to promote inland waterway transport,³⁷ as implemented by Commission Regulation (EC) No 181/2008 of 28 February 2008,³⁸ urges the Member States to take measures in particular to encourage the adaptation of vessels to technical progress in order to improve working conditions and promote safety requirements.
- (92) According to the information provided by Italy, as summarised in section 2.1, the inland waterway transport sector suffers from shortcomings, which hinder its development and competitiveness: infrastructure to be optimised and better connected to the European network, a dwindling profession and obsolete fleets and equipment. This calls for investments entailing costs, which operators would not be able to finance without State support.
- (93) The Commission recalls that the inland waterway transport sector suffers from the fact that competing transport modes, such as road transport, do not bear the real costs of the negative externalities they impose on society. Without State aid, market forces alone would not ensure the necessary investments in the fleets. The sub-measures B and C are designed to enable inland waterway transport operators to overcome these obstacles.
- (94) Furthermore, the Commission takes the view, in line with its decision making practice,³⁹ that the acquisition of equipment to increase interoperability and transport safety meets the needs of transport coordination pursuant to Article 93 TFEU. The Commission considers that the upgrade of the technologies for inland navigation help to make inland waterway transport more competitive compared with road transport.

³⁷ OJ L 163, 29.5.2014, p. 15.

³⁸ Text laying down certain measures for implementing Council Regulation (EC) No 718/1999 on a Community fleet capacity policy to promote inland waterway transport, OJ L 56 of 29.02.2008, p. 8.

³⁹ Commission Decision of 1 July 2021, SA.57137, Germany, State aid scheme for modernisation of inland waterway fleet, OJ C 317, 6.08.2021, p.2; Commission Decision of 8 September 2004, N38/2004, France, Aide aux transporteurs de marchandises par voie navigable établis en France, OJ C 136 of 03.06.2005, p.41 as last prolonged with Commission Decision of 20 July 2020, SA.57398 (2020/N), France, Augmentation du budget global du Plan d'Aides à la Modernisation et à l'Innovation de la flotte fluviale pour la période 2018-2022 (PAMI), OJ C 269, 14.08.2020, p.5; Commission Decision of 20 March 2013, SA.35575 (2012/N), France, Plan d'aide au report modal vers le transport par voies navigables, OJ C 112 of 19.04.2013, p.4 as last prolonged with Commission Decision of 29 May 2018, SA.48332, France, Prolongation du plan d'aide au report modal vers le transport par voies navigables (PARM), OJ C 152, 3.05.2019, p.1; Commission Decision of 20 May 2008 (N358/2007), Czech Republic, State aid scheme to operators for the modernisation of inland waterway freight transport vessels OJ C 177/1, 12.07.2008, p.3 as last prolonged with Commission decision of 17 May 2016, SA.43080, OJ C 180 of 25.05.2018, p.1.

(b) Proportionality

- (95) Concerning the investment aid for the adaptation and purchase of vessels, as well as for the purchase of navigational equipment under sub-measures B and C, as described in section 2.7, the aid is limited to 30% of the eligible investment costs and to 40% of the costs of the underlying studies. The Commission positively notes that aid recipients contribute an appropriate amount of their own funds to the investment costs, ranging from 70 % to 60 %. The Commission further notes that the maximum aid thresholds are limited and never exceed EUR 200,000 per project or EUR 100,000 per study. Finally, the Commission notes that both aid intensities and maximum aid amounts vary in accordance with the size of the underlying project and that individual aid is only granted after its necessity has been verified by the Italian authorities.
- (96) In its previous decisions,⁴⁰ the Commission has acknowledged that the financing of the modernisation of inland waterway fleets and equipment entails high investment costs that can hardly be met without government support by the inland waterway transport sector, which is predominantly made up of small and medium-sized enterprises.⁴¹
- (97) The Commission finally notes that anti-cumulation rules are set out, in order to avoid overcompensation of the aid beneficiaries in respect to the same eligible costs (see section 2.9).
- (98) Therefore, the Commission concludes that the amount and intensity of the aid for the sub-measures B and C are limited to the minimum necessary and are proportionate.

(c) Incentive effect

- (99) The supported projects and underlying investments must not have started prior to the aid application by the beneficiary to the national authorities (see recital (59) above). In addition, as described in recital (61), in the context of the evaluation and ranking process, the RAM will assess whether and to what extent the projects submitted by applicants have realistic prospects of keeping the traffic transferred to the inland waterway network and therefore whether the modal shift can be expected to be effective.
- (100) Consequently, the Commission considers that sub-measures B and C have an incentive effect.

⁴⁰ See footnote 39.

⁴¹ See for example Commission decision of 20 May 2008 (N358/2007), Czech Republic, State aid scheme to operators for the modernisation of inland waterway freight transport vessels OJ C 177/1, 12.07.2008, p.3 as last prolonged with Commission decision of 17 May 2016, SA.43080, OJ C 180, 25.05.2018, p.1.

3.3.2.2. Necessity, proportionality and incentive effect of sub-measure E

- (101) The Commission notes that inland waterway transport bears higher costs than road transport, while it offers considerable environmental advantages.⁴² These additional costs are essentially imputable to the particular characteristics of the infrastructure involved (in particular trans-shipment equipment) that can prevent the desired modal shift from occurring so that market forces alone are not sufficient to bring about such a shift.
- (102) In that context, the Commission has emphasized that State intervention in the financing of new services or the upgrade of existing ones is necessary to encourage the private operators to pursue alternative modes of transport.⁴³
- (103) As explained by the Italian authorities, without the aid, there would be no incentive for the beneficiaries to engage in inland waterway transport and shift from road to inland waterways. Indeed, the higher costs that inland waterway transport bears compared to road are likely to prevent the desired modal shift from occurring so that market forces alone are not sufficient to bring about such a shift. The Commission thus concludes that the aid is necessary and has an incentive effect.
- (104) Moreover, the Commission notes that the notified measure is based on estimates underpinned by the analysis of statistic data showing the development of freight traffic flows through the inland waterway network over the past ten years⁴⁴ and on the estimated potential developments following the investments carried out in the context of the TEN-T Programme that aims to remove the existing bottlenecks to the inland waterway infrastructure (see recital (12)). Therefore, the Commission concludes that sub-measure E helps to keep the volume of transportation in inland waterway transport at a relatively steady level in spite of different challenges faced by this transport mode in Italy.
- (105) As concerns the proportionality of the aid, the Commission notes that Italy's quantification of the aid relies on the Handbook on the estimation

⁴² Inland waterway transport has for decades been one of the most environmentally friendly modes of transport. It has clear advantages in terms of energy efficiency, low congestion as well as low noise and accident levels. Inland waterway transport also has considerable spare capacity and can therefore play a role in shifting traffic away from the congested parts of the road networks. See by way of examples the case practice mentioned in footnotes 36, 39, 40.

⁴³ See for example Commission decision of 26 November 2008, N352/2008, Belgique, Régime d'aides en faveur des modes de transport alternatif à la route pour la période 2008-2013, OJ C 7 of 13.01.2009, p.1 as last prolonged with Commission Decision of 4 February 2014, SA.37293, Belgium, Prolongation du régime d'aides en faveur des modes de transport alternative à la route pour la période 2014-2020, OJ C 163, 28.05.2014, p.1; Commission decision of 9 November 2018, SA.50217, Sweden, Swedish Eco-bonus scheme for short sea shipping and inland waterway transport, OJ C 14, 11.01.2019, p.1 as last prolonged with Commission Decision of 26 March 2021, SA.56402 (2020/N), OJ C 275 of 09.07.2021, p.1; Commission decision of 6 August 2021, SA.60177, Belgium, Aid scheme improving the quality of intermodal connections to and from Flemish seaports, OJ C 355 of 03.09.2021, p. 1.

⁴⁴ See footnote 6.

of external costs of transport published by the Commission in 2019 (see recital (54)). The eligible costs of the sub-measure E correspond to the part of the external costs which inland waterway transport makes it possible to avoid compared with road transport.

- (106) Sub-measure E foresees an aid amount whose intensity is approximately 15.7% of the eligible costs⁴⁵ and approximately 6.6 % of the total cost of freight inland waterway transport⁴⁶ (see recital (53)).
- (107) The Commission notes that in similar cases it has considered aids of up to 30% of the total transport costs and up to 50% of the eligible costs to be compatible with the internal market.⁴⁷ The maximum intensity of the aid under sub-measure E is below those thresholds. The Commission therefore considers that the aid is proportionate to the achievement of the objective of sub-measure E.

3.3.3. *Non-discriminatory and transparent access*

- (108) The Commission notes the notified measure applies to all EU shipowners engaged in inland waterway transport activities in Italy and to all EU shippers using inland waterway transport services in Italy (see recital (23) above). Additionally, the aid will be granted following an eligibility and a quality assessment on the basis of objective, pre-established and transparent conditions (see recitals (60) and (61)).
- (109) Therefore, the Commission concludes that the notified measure is non-discriminatory and transparent.

3.3.4. *Avoidance of undue negative effects on competition*

- (110) The notified measure is designed to reduce the imbalances between inland waterway transport on one hand and road transport on the other, the latter entailing higher external costs than the former. The Commission also notes that the notified measure has a relatively limited budget, which will be disbursed over a limited number of years, to a limited number of potential recipients (see in particular recitals (32), (36), (44), (47), (56)).
- (111) The Commission considers that the measure would have limited potential negative effects on alternative transport modes, given the very low share of inland waterway transport in Italy, as confirmed by Eurostat data on modal split of inland freight transport in Italy, showing a net preponderance of the road sector over inland waterway.⁴⁸

⁴⁵ EUR 0.0018 / EUR 0.1146 = approximately 15.7%.

⁴⁶ EUR 0.0018 / EUR 0.0273 = approximately 6.6 %.

⁴⁷ See for example Commission Decision of 7 July 2007, N720/2006, Belgium, Octroi d'une subvention par le Port de Bruxelles aux lignes régulières de transport de conteneurs, OJ C 307 of 18.12.2007, p.10 as last prolonged with Commission Decision of 30 March 2021, SA.60451 (2020/N), Belgium, Aid for intermodal transport of containers by waterways in the Brussels-Capital Region for the period 2021 – 2025 not yet published in the OJ.

⁴⁸ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Freight_transport_statistics_-_modal_split#Modal_split_in_the_EU.

- (112) Additionally, the measure minimizes the distortion on competition, as it is necessary and proportionate.
- (113) Therefore, the Commission concludes that the distortion of competition is limited. Overall, the aid contributes to the coordination of transport in an environmentally friendly manner.

3.3.5. *Transparency*

- (114) The legal bases and all information about the notified measure (e.g. support measures; eligibility requirements; application form etc.) will be available on the website of the Ministry and of the RAM (see recital (66)).
- (115) Therefore, the Commission considers that the Italian authorities comply with the transparency obligations.

3.3.6. *Conclusion on the compatibility of the measure*

- (116) In view of the above, the Commission considers that the notified measure can be considered to meet the needs of coordination of transport and is therefore compatible with the internal market pursuant to Article 93 TFEU.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 93 of the Treaty on the Functioning of the European Union.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Your request should be sent electronically to the following address:

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

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

