

EU clears Italy's new airline for takeoff, but deems Alitalia loans 'illegal state aid'

Brussels ordered Italy on Friday to recover €900 million from failing airline Alitalia, after a probe found loans amounted to illegal state aid.

Alitalia had been experiencing financial woes since 2007, reaching a critical point in 2017 when it lost access to credit markets. To keep the flag carrier in business, the Italian government injected two loans of €600 million and €300 million. It also entered into bankruptcy proceedings at that time.

The Commission opened a probe into the loans and whether they constituted illegal state aid in 2018.

↘

European Commission Vice-President Margrethe Vestager [said in a statement](#) on Friday that both loans amount to state aid and are illegal under the EU's state aid rules.

“The two loans gave Alitalia an unfair advantage over its competitors on national, European and world routes. Hence, they constitute illegal state aid, and must now be recovered by Italy from Alitalia,” Vestager added.

However, the Commission ruled that Italy's capital injections of €1.35 billion into Italia Trasporto Aereo (ITA) – an Italian air carrier established in 2020 – are in line with market conditions and do not constitute state aid.

Vestager said that there is “economic discontinuity” between

ITA and Alitalia and that the new carrier is thus not liable for the money its predecessor has to repay.