
Commission approves €165 million of investments by Croatia for the extension of the Istrian Y motorway

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The European Commission has approved under EU State aid rules a Croatian plan to prolong the Istrian Y motorway concession agreement between Croatia and the company Bina-Istra.

This will allow €165 million of new investments to go ahead, while limiting distortions of competition.

Commissioner Margrethe Vestager, in charge of competition policy, said: “The prolongation of the Croatian Y motorway concession will promote regional growth and investment, as well as enhancing citizens’ safety and reducing congestion. Our decision will ensure that the motorway extension can be built, while limiting any potential distortions of competition.”

The **Istrian Y motorway is a 145 km long motorway linking the Istrian region with the rest of Croatia**. The motorway is operated under a concession from 1995, which was awarded to the company Bina-Istra until 2027. In March 2018, Croatia notified to the Commission a prolongation of the concession agreement until 2032. Under certain conditions relating to the repayment of Bina-Istra’s debt, the concession can be prolonged by up to 18 further months.

The prolongation of the concession will allow Bina-Istra to finance the construction of a 28 km long second carriageway on the north-eastern side of the motorway. This investment is expected to cost €165 million.

The Commission examined the measure under EU State aid rules on services of general economic interest and EU public procurement rules, according to which companies can be compensated for the extra cost of providing a public service on certain conditions.

The Commission found that, under the Croatian plan to extend the Istrian Y motorway concession agreement:

-The concessionaire will not be overcompensated, following changes made by Croatia to the duration of the concession;

-The prolongation of the concession is proportionate to the amount needed to finance the works required for building the new stretch of the carriageway.

The Commission concluded that the measure will promote growth and unlock investment, while limiting the impact on motorway users, in line with EU State aid and public procurement rules. On this basis, the Commission approved the Croatian support granted through the prolongation of the Istrian Y motorway concession.