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**Subject: State aid SA.37855 (2013/N) – United Kingdom
Prolongation of R&D&I scheme for Northern Ireland (N 215/2008)**

Sir,

1. PROCEDURE

- (1) On 29 November 2013, the UK authorities notified, in accordance with Article 108(3) of the Treaty on the Functioning of the European Union (hereinafter "TFEU"), the prolongation until 31 December 2019 of the existing State aid measure assessed in State aid case N 215/2008 ("R&D&I scheme for Northern Ireland"). The measure had been authorised by the Commission on 1 August 2008¹. When notifying the prolongation, the UK authorities used the simplified notification procedure laid down in Article 4 of Regulation (EC) No 794/2004² (hereinafter "the Implementing Regulation").
- (2) On 11 December 2013, the Commission requested additional information, which the UK authorities submitted on 13 December 2013.

¹ OJ C 238, 17.9.2008, p. 7.

² Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty, OJ L 140, 30.04.2004, p. 1.

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- (3) On 20 December 2013, the Commission invited in a complementary letter the UK authorities to consider the possibility to limit the prolongation until the end of 2014 at the latest. The UK authorities agreed with this suggestion and expressed, on 6 January 2014, their intention to extend the measure only until 31 December 2014.
- (4) On 17 January 2014, the UK authorities submitted a clarification regarding the budget of the notified prolongation.

2. SUMMARY OF THE EXISTING AID SCHEME N°215/2008

- (5) The aim of the R&D&I scheme for Northern Ireland, which was assessed under the Community Framework for state aid for research and development and innovation³ (hereinafter "the RDI Framework"), is to promote research, development and innovation activities undertaken within companies. The existing scheme covers the range of possible interventions foreseen under the RDI Framework going from aid for R&D projects, aid for technical feasibility studies, aid for industrial property rights costs for SMEs, aid for young innovative enterprises, aid for process and organisational innovation services, aid for innovation advisory and support services, to aid for loan for highly qualified personnel.
- (6) The R&D&I scheme for Northern Ireland provides for direct grants, loans and equity investments.
- (7) The overall budget of the scheme is GBP 240 million (approx. EUR 344 million), on average more than GBP 40 million (EUR 56 million) per year.
- (8) The legal basis of the scheme is *the Industrial Development Act (Northern Ireland) 2002*. The scheme is managed by Invest Northern Ireland (Invest NI) and/or its appointed agents and expires on 31 December 2013.

3. AMENDMENT TO THE EXISTING SCHEME

- (9) The UK authorities notified prolongation of the existing scheme extending its duration until 31 December 2019. In their letter of 6 January 2014 they however limited the notified prolongation of the measure to cover only one year, i.e. the prolongation subject to the present decision covers the period 1 January 2014 until 31 December 2014, with a new budget of GBP 40 million. The UK authorities have confirmed that all other elements of the existing scheme remain unchanged.
- (10) The proposed duration goes beyond the expiry date of the RDI Framework on 30 June 2014⁴. The UK authorities have however committed themselves to undertaking any necessary appropriate measures to bring the scheme in line with the new rules, if required.

4. ASSESSMENT

- (11) The described prolongation of the existing scheme was notified by the UK authorities in compliance with Article 108(3) TFEU.

³ OJ C 323, 30.12.2006, p. 1–26.

⁴ See Communication from the Commission concerning the prolongation of the Community framework for State aid for research and development and innovation, OJ C 360, 10.12.2013, p. 1.

- (12) The Commission notes however that, since it had not obtained all the annual reports of the aid provided on the basis of the existing scheme, but had to request some of these from the UK authorities, the simplified notification procedure set out in Article 4 of the Implementing Regulation does not apply.
- (13) The Commission finds that neither the extension of the duration of the existing scheme, nor the new budget, affect its earlier assessment of the scheme. The amended scheme will thus continue to operate in line with the conditions approved by the Commission in that decision and therefore comply with the relevant provisions of the RDI Framework. Consequently, the Commission maintains its reasoning set out in its previous decision approving the existing scheme.
- (14) The Commission takes note that the UK authorities have committed themselves to extend the measure only until 31 December 2014 and to undertake any necessary appropriate measures to bring the scheme in line with the new rules, if required, after the expiry date of the RDI Framework on 30 June 2014.
- (15) On this basis, the Commission considers that the proposed prolongation until 31 December 2014 of the existing scheme is compatible with the internal market pursuant to Article 107(3)(c) TFEU.

5. CONCLUSION

- (16) The Commission concludes that the notified State aid measure Prolongation of R&D&I scheme for Northern Ireland (SA.37855 (N 215/2008)) is compatible with the internal market, pursuant to Article 107(3)(c) TFEU. It accordingly decides not to raise objections to the measure.
- (17) The Commission reminds the UK authorities that, in accordance with Article 108(3) TFEU, all plans to refinance or change the aid measure in question have to be notified to the Commission.
- (18) Prior to implementing the measure, the UK authorities shall publish the full text of the final aid measure on the internet.
- (19) The Commission further reminds the UK authorities to submit annual reports on the implementation of the notified measure.

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<http://ec.europa.eu/competition/elojade/isef/index.cfm>.

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Directorate-General for Competition
State Aid Greffe
B – 1049 Brussels
Fax No.: +32 2 296 12 42

Yours faithfully,
For the Commission

Joaquín ALMUNIA
Vice-President