Subject: State aid SA.37935 (2013/N) – Ireland
Research, Development and Innovation Aid Scheme

Sir,

1. PROCEDURE

(1) By electronic notification dated 11 December 2013, the Irish authorities notified, in accordance with Article 108 (3) of the Treaty on the Functioning of the European Union (hereinafter: TFEU), a prolongation by one year of the existing scheme Research, Development and Innovation Aid Scheme (SA.23087, N 317/2007, hereinafter: the existing scheme). The existing scheme was authorised by Commission decision C (2007) 4688 of 9 October 2007\(^1\), in which the Commission examined its compatibility with the internal market under the Community Framework for State aid for Research and Development and Innovation\(^2\) (hereafter: the Framework). The existing scheme itself replaced the approved R&D aid schemes which expired in 2006, namely the RTI Initiative, (State aid N 636/2000\(^3\)) and the Consultancy Services to SMEs (State aid N 477/2000\(^4\)).

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The Commission considered the submitted notification incomplete and requested additional information from the Irish authorities by letter dated 15 January 2014 and a reminder dated 28 February 2014. The Irish authorities submitted the requested information by e-mails, registered on 27 March 2014 and on 8 April 2014.

2. **THE EXISTING SCHEME**

The existing scheme aims at supporting research, development and innovation in Ireland. It allows aid for the following categories of activities:

(a) R&D projects (including fundamental research, industrial research and collaborative experimental development),

(b) technical feasibility studies,

(c) industrial property rights costs for SMEs,

(d) young innovative enterprises,

(e) process and organisational innovation in services,

(f) innovation advisory and support services, and

(g) loan of highly qualified personnel.

The national legal bases of the existing scheme are the Industrial Development Acts 1986 and 1998, the Science & Technology Act 1987, the Údarás na Gaeltachta Act 1979 (as amended) and the Shannon Free Airport Development Company Limited Act, 1959 (as amended). The granting authorities are Enterprise Ireland, IDA Ireland, Shannon Development and Udaras na Gaeltachta.

The total budget of the existing scheme is EUR 656 million.

The aid beneficiaries are companies of all sizes, as well as research organisations and innovation intermediaries. The eligible activities may be carried out wholly or mainly in Ireland. The scheme is not sector specific; however it does not apply to the agriculture and the transport sectors. Aid to undertakings in difficulty within the meaning of the Community Guidelines on State aid for rescue and restructuring undertakings in difficulty\(^5\) is excluded from the scope of the existing scheme.

The aid is provided in the forms of non-repayable direct grants and soft loans (interest rate subsidies). The loans will have to be repaid irrespective as to whether the project is successful or not, and the aid intensity for the interest rate subsidy will be calculated in terms of grant equivalent in accordance with the Communication from the Commission on the revision of the method for setting the reference and discount rates\(^6\).

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\(^5\) OJ C 244, 1.10.2004, p.2.

The existing scheme's duration, as authorised by Commission decision of 9 October 2007, is from 1 June 2007 until 31 December 2013.

The Irish authorities submitted annual reports on the implementation of the existing scheme.

3. **AMENDMENTS TO THE EXISTING SCHEME**

The notification concerns one alteration to the existing scheme, consisting in the prolongation of its duration with one year, i.e. until 31 December 2014. The Irish authorities confirm that no new budget will be allocated to the existing scheme for the prolongation period.

The Irish authorities commit that all other conditions and commitments of the existing scheme will remain unchanged.

The Irish authorities also commit to undertake any necessary appropriate measures to bring the existing scheme in line with the new Framework for state aid for

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7 The budget of the scheme for 2014 will be EUR 48 million.
research and development and innovation, which will replace the current Framework on 1 July 2014.

4. **ASSESSMENT**

(14) The prolongation of the existing scheme was notified by the Irish authorities in compliance with Article 108(3) TFEU.

(15) In its decision of 9 October 2007, the Commission concluded that the existing scheme fulfils the conditions of the Framework, and it is compatible with the common market pursuant to Article 87(3)(c) EC Treaty (now: Article 107 (3)(c) TFEU).

(16) The notified prolongation of the existing scheme by one year does not affect the Commission's conclusions as regards the existence of aid and its compatibility with the TFEU. Besides that prolongation, all other elements and conditions of the existing scheme, assessed by the Commission in its decision of 9 October 2007 remain unchanged, so that the existing scheme will continue to operate in accordance with the Framework and thus remain compatible with the internal market. In addition, given the extension of the scheme to 31 December 2014 and the expiry of the Framework on 30 June 2014, the Irish authorities have committed to take appropriate measures to bring the scheme in line with the new Framework for state aid for research and development and innovation, as stipulated in recital (13).

(17) In light of the above, the Commission considers that the notified prolongation is compatible with the internal market pursuant to Article 107 (3) (c) TFEU.

5. **CONCLUSION**

(18) The Commission has accordingly decided:

- not to raise objections to the notified aid scheme on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) Treaty on the Functioning of the European Union.

(19) The Commission reminds the Irish authorities that, in accordance with Article 108(3) TFEU, all plans to amend or change the measure have to be notified to the Commission.

(20) The Commission further reminds the Irish authorities to submit annual reports on the implementation of the existing measure, as amended.

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 English language, on the Internet site: [http://ec.europa.eu/competition/elojade/isef/index.cfm](http://ec.europa.eu/competition/elojade/isef/index.cfm).
Your request should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
State Aid Registry
B-1049 Brussels

Fax No: +32 2 296 12 42

Yours faithfully,

For the Commission

Joaquín ALMUNIA
Vice-President