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**SUBJECT: STATE AID SA.38509 (2014/N) – IRELAND  
REGIONAL AID MAP 2014-2020**

Sir,

## **1. PROCEDURE**

- (1) On 28 June 2013 the Commission adopted the Guidelines on regional State aid for 2014-2020<sup>1</sup> (hereinafter "RAG"). Pursuant to paragraph 178 of the RAG, each Member State should notify to the Commission, following the procedure of Article 108(3) of the Treaty on the Functioning of the European Union ("hereinafter: "TFEU"), a single regional aid map applicable from 1 July 2014 to 31 December 2020. In accordance with paragraph 179 of the RAG, the approved regional aid map is to be published in the *Official Journal of the European Union*, and will constitute an integral part of the RAG.
- (2) By letter dated 25 March 2014, registered at the Commission on 26 March 2014 (2014/034453), the Irish authorities submitted a proposal for the regional aid map of Ireland applicable for the period from 1 July 2014 to 31 December 2020.

## **2. DESCRIPTION OF THE NOTIFIED REGIONAL AID MAP**

- (3) In their notification, the Irish authorities propose a list of regions with a total population of 2.35 million inhabitants, or 51.28% of the national population, for eligibility for regional aid on the basis of the derogation laid down in Article 107(3)(c) of the TFEU for the period from 1 July 2014 to 31 December 2020. The notification includes only non-predefined 'c' areas.

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<sup>1</sup> OJ C 209, 23.07.2013, p.1

Mr. Eamon Gilmore T.D.  
Minister for Foreign Affairs,  
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- (4) The Irish authorities propose to designate several non-predefined areas as eligible for regional aid on the basis of the derogation provided in Article 107(3)(c) TFEU for the period from 1 July 2014 to 31 December 2020. The non-predefined 'c' areas are proposed in accordance with the criteria set out in paragraph 168 of the RAG. The tables 1 to 3 below set out the list of non-predefined 'c' areas proposed along with the maximum aid intensity proposed for each area. The tables also show the total population of each zone proposed<sup>2</sup>.
- (5) Table 1 below sets out the list of proposed non-predefined areas, along with the maximum aid intensities proposed, for which the Irish authorities submit that the conditions of criterion 1 of paragraph 168 of the RAG are fulfilled:

*Table 1: Non-predefined 'c' areas proposed under criterion 1 of paragraph 168 of the RAG*

Name of zone proposed	NUTS Code	Name of NUTS 3 region concerned	POP	Max. aid intensity (in GGE)
South-East + Arklow	IE024	South-East	497 578	10%
	IE022	Mid-East (partly)	28 419	10%
		<b>Total population of the eligible zone</b>	<b>525 997</b>	
Border + Kells	IE011	Border	514 891	10%
	IE022	Mid-East (partly)	28 608	10%
		<b>Total population of the eligible zone</b>	<b>543 499</b>	
Midland + Athy	IE012	Midland	282 410	10%
	IE022	Mid-East (partly)	29 884	10%
		<b>Total population of the eligible zone</b>	<b>312 294</b>	
West	IE013	West	445 356	10%
		<b>Total</b>	<b>1 827 146</b>	

POP: Total resident population in 2011

- (6) Table 2 below sets out the list of proposed non-predefined areas, along with the proposed maximum aid intensities, for which the Irish authorities submit that the conditions of criterion 3 of paragraph 168 of the RAG are fulfilled:

*Table 2: Non-predefined 'c' areas proposed under criterion 3 of paragraph 168 of the RAG*

NUTS 3 area concerned Code Name	Name of the eligible island	POP of the island	Max. aid intensity (in GGE)
IE025 South-West	Bear	216	10%
	Cléire	124	10%
	Dursey	3	10%
	Haulbowline	148	10%
	Inchydoney	149	10%
	Inishbeg	25	10%
	Inishodriscol (or Hare)	29	10%
	Long	10	10%
	Ringarogy	94	10%
	Sherkin	114	10%
	Whiddy	20	10%
IE021 Dublin	North Bull (ED 038 Clonfarf East B)	14	10%
	North Bull (ED 087 Raheny – St. Assam)	2	10%
	Lambay	6	10%
	<b>Total</b>	<b>954</b>	

POP: Total resident population in 2011

<sup>2</sup> The population figures used by the Member State refer to total resident population of 2011 (source: 2011 Irish census).

- (7) Table 3 below sets out the list of proposed non-predefined areas, along with the proposed maximum aid intensities, for which the Irish authorities submit that the conditions of criterion 5 of paragraph 168 of the RAG are fulfilled:

*Table 3: Non-predefined 'c' areas proposed under criterion 5 of paragraph 168 of the RAG*

NUTS 3 Region concerned		Eligible LAU 1 Area	POP	Max. aid intensity (in GGE)
Code	Name			
IE023	Mid-West (Entirely)	Clare	117 196	10%
		North Tipperary	70 322	10%
		Limerick	191 809	10%
		<b>Total NUTS 3 region</b>	<b>379 327</b>	
IE025	South-West (Partly)	Kerry	145 502	10%
		<b>Total</b>	<b>524 829</b>	

POP: Total resident population in 2011

- (8) The Irish authorities confirm that the proposed maximum aid intensities set out in tables 1 to 3 above are those for investments by large enterprises. Those intensities can be increased by 10 percentage points for medium sized enterprises and by 20 percentage points for small enterprises<sup>3</sup>. The maximum regional aid ceilings proposed for large enterprises, as well as the increased ceilings for small and for medium sized enterprises are only applicable to projects with eligible expenditure below € 50 million.

### **3. ASSESSMENT**

#### **3.1 Proposed list of non-predefined Article 107(3)(c) TFEU areas**

- (9) According to Annex I of the RAG, Ireland can designate areas with a population of up to 51.28% of the total national population as non-predefined 'c' areas. Compliance with the population coverage allowed will be determined on the basis of the most recent data of total resident population as published by the national statistical office.
- (10) The population statistics used are the most recent data (2011 population census) on the total resident population published by the statistical office of Ireland. This is in line with the requirement set out in paragraph 170 of the RAG.
- (11) The non-predefined 'c' areas proposed by Ireland have a total population of 2 352 929 inhabitants, which represents 51.28% of the total national population. Therefore, the percentage of the non-predefined 'c' areas does not exceed the maximum population coverage allocated to Ireland in Annex I of the RAG.
- (12) The statistics on unemployment used in this section are the average unemployment rates for the period 2011-2013 (i.e. the last three years for which such data are available), as published by the national statistical office. This is in line with the requirement set out in footnote 68 of the RAG.
- (13) In cases where non-predefined 'c' areas are proposed that are not defined as whole NUTS 3 regions or islands, paragraph 169 of the RAG provides that the notion of contiguous areas normally refers to whole LAU 2 areas or to a group of whole LAU 2

<sup>3</sup> As defined in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

areas which share an administrative border with another LAU 2 area in the group. In the case of Ireland the LAU 2 level corresponds to electoral divisions and the Irish authorities do not designate parts of LAU 2 areas, but only groups of whole LAU 2 areas.

### **3.1.1 Non-predefined 'c' areas in application of criterion 1 of paragraph 168 of the RAG**

- (14) According to paragraph 168 of the RAG, a Member State may designate as non-predefined 'c' areas under criterion 1 contiguous areas of at least 100,000 inhabitants located in NUTS 2 or NUTS 3 regions that have a GDP per capita below or equal to the EU-27 average or an unemployment rate above or equal to 115% of the national average.
- (15) Each of the non-predefined 'c' areas proposed by the Irish authorities under criterion 1 satisfies the minimum population size condition applicable for the Member State concerned and fulfils the GDP condition (see Table 4 below). Moreover, the Commission is satisfied that each 'c' area proposed under criterion 1 consists of contiguous LAU 2 areas as required in paragraph 169 of the RAG.

*Table 4: List of non-predefined 'c' areas in application of criterion 1 of paragraph 168 of the RAG indicating the population and GDP per capita for each region*

Name of zone proposed	NUTS Code	Name of NUTS 3 region concerned	POP	GDP EU 27=100
South-East + Arklow	IE024	South-East	497 578	92.00
	IE022	Mid-East	28 419	94.33
		<b>Total population of the eligible zone</b>	<b>525 997</b>	
Border + Kells	IE011	Border	514 891	84.33
	IE022	Mid-East	28 608	94.33
		<b>Total population of the eligible zone</b>	<b>543 499</b>	
Midland + Athy	IE012	Midland	282 410	82.00
	IE022	Mid-East	29 884	94.33
		<b>Total population of the eligible zone</b>	<b>312 294</b>	
West	IE013	West	445 356	98.00
		<b>Total</b>	<b>1 827 146</b>	

POP: Total resident population in the proposed 'c' area in 2011  
 GDP: GDP per capita in PPS in the NUTS 3 region concerned, three year average for 2008-2010 (EU-27 = 100.00%), EUROSTAT February 28, 2014

### **3.1.2 Non-predefined 'c' areas in application of criterion 3 of paragraph 168 of the RAG**

- (16) According to criterion 3 laid down in paragraph 168 of the RAG, a Member State may designate as 'c' areas islands or contiguous areas characterised by similar geographical isolation which fulfil one of the following conditions:
- a GDP per capita below or equal to the EU-27 average;
  - or an unemployment rate above or equal to 115% of the national average;
  - or less than 5,000 inhabitants.
- (17) The 14 areas listed in Table 5 below meet one of the three alternative conditions laid down in criterion 3 of paragraph 168 of the RAG, since each of them is an island that has a population of less than 5,000 inhabitants:

*Table 5: Non-predefined 'c' areas proposed under criterion 3 of paragraph 168 of the RAG*

NUTS 3 area concerned		Name of the eligible island	POP of the island
Code	Name		
IE025	South-West	Bear	216
		Cléire	124
		Dursey	3
		Haulbowline	148
		Inchidoney	149
		Inishbeg	25
		Inishodriscol (or Hare)	29
		Long	10
		Ringarogy	94
		Sherkin	114
		Whiddy	20
IE021	Dublin	North Bull (ED 038 Clonfarf East B)	14
		North Bull (ED 087 Raheny – St. Assam)	2
		Lambay	6
		<b>Total</b>	<b>954</b>

POP: Total resident population in the proposed 'c' area in 2011.

### **3.1.3 Non-predefined 'c' areas in application of criterion 5 of paragraph 168 of RAG**

- (18) According to paragraph 168 of the RAG, a Member State may designate as 'c' areas under criterion 5 areas of at least 50,000 inhabitants that are undergoing major structural change or are in serious relative decline provided that such areas are not located in whole NUTS 3 regions or other contiguous areas that fulfil the conditions to be designated as 'c' areas under criteria 1 to 4.
- (19) Table 6 sets out the 2 non-predefined 'c' areas proposed by the Irish authorities under criterion 5:

*Table 6: List of non-predefined 'c' areas designated in application of criterion 5 of paragraph 168 of the RAG*

NUTS 3 Region concerned		Eligible LAU 1 Area	POP	GDP EU 27=100	U-Rate IE=100
Code	Name				
IE023	Mid-West	Clare	117 196	108.33	108.32
		North Tipperary	70 322	108.33	108.32
		Limerick	191 809	108.33	108.32
		<b>Total population of the eligible zone</b>	<b>379 327</b>		
IE025	South-West	Kerry	145 502	151.33	89.85
		<b>Total</b>	<b>524 829</b>		

POP: Total resident population in the proposed 'c' area in 2011

GDP: GDP per capita in PPS in the NUTS 3 region concerned (average for 2008-2010)

U- Rate: Unemployment rate (average for 2011-2013) at the level of the NUTS3 region

- (20) The Commission considers that the areas proposed fulfil the conditions for eligibility under criterion 5, and this for the following reasons:
- None of the areas proposed is located in a NUTS 3 region or contiguous area that fulfils the conditions to be designated as non-predefined areas under criteria 1 to 4 of paragraph 168 of the RAG;
  - The Irish authorities used the following socioeconomic indicators to select the areas concerned: unemployment rate, household income per person, educational attainment levels and the ranking in the Pobal HP deprivation index. The Commission considers that these indicators are appropriate indicators for measuring relative problems of structural change or decline. Moreover, the

available data for these indicators were provided by Ireland's national statistical office or other recognised sources.<sup>4</sup>

- The data for the above indicators show that each of the areas proposed under criterion 5 scored worse than the national average for at least one indicator concerned.
- Each of the areas proposed has a total population of at least 50,000 inhabitants and consists of contiguous LAU 2 areas as required in paragraph 169 of the RAG.

#### **3.1.4 Respect of population ceiling for non-predefined Article 107(3)(c)TFEU areas.**

- (21) Annex I of the RAG sets the population ceiling for non-predefined 'c' areas at maximum 51.28% of total national population. The non-predefined 'c' areas proposed by the Irish authorities have a total resident population of 2 352 929 inhabitants. This amounts to 51.28% of the total resident population of that Member State and respects therefore the population ceiling set in Annex I of the RAG.

#### **3.2 Maximum aid intensities proposed for Article 107(3)(c) areas**

- (22) Paragraph 174 of the RAG provides that the aid intensity applicable to investment by large enterprises in 'c' areas should not exceed 10% GGE in standard non-predefined 'c' areas.
- (23) The maximum aid intensity applicable to investment by large enterprises in all 'c' areas designated by the Irish authorities will be limited to 10% GGE.
- (24) In view of the above, the maximum aid intensities for regional investment aid in the 'c' areas designated by the Irish authorities for the period from 1 July 2014 to 31 December 2020 are in line with the maximum aid intensities allowed for under the RAG.

#### **3.3 Increased aid intensities for SMEs**

- (25) In accordance with paragraph 177 of the RAG, the maximum aid intensities applicable to large enterprises can be increased by 20 percentage points for small enterprises or by up to 10 percentage points for medium-sized enterprises. However, the increased maximum aid intensities for SMEs will not apply to aid awarded for large investment projects.

#### **3.4 Other commitments made by the Irish authorities**

- (26) The Commission takes note of the following commitments made by the Irish authorities in the notification:
- (a) The Irish authorities confirmed that all intentions to grant regional aid will be notified to the Commission in accordance with Article 108(3) TFEU, either as an aid scheme, or as an individual notification unless a block exemption regulation applies.
  - (b) The Irish authorities confirmed that all regional investment aid will respect the maximum aid intensities of the region concerned as defined in the regional aid

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<sup>4</sup> The data were provided by the Central Statistics Office.

map approved by the Commission and published in the *Official Journal of the European Union*.

- (c) The Irish authorities confirmed that for large investment projects (as defined in paragraph 20(1) of the RAG) the aid ceilings of the region concerned as defined in the regional aid map approved and published by the Commission will be adjusted according to the formula in paragraph 20(c) of the RAG.

### **3.5 Conclusion**

- (27) In view of the above, the Commission concludes that the regional aid map notified by the Irish authorities for the period from 1 July 2014 to 31 December 2020 is in line with the RAG.
- (28) The Commission recalls that the maximum aid intensities specified in the regional aid map apply only to investments carried out in sectors that fall within the scope of the RAG, as defined in paragraph 10 thereof. In particular, these aid ceilings apply to the processing and marketing of agricultural products only to the extent laid down in the Community guidelines for State aid in the agriculture and forestry sector<sup>5</sup>, or any replacement guidelines.

## **4. DECISION**

- (29) The Commission has accordingly decided:
- to approve the regional aid map of Ireland for the period from 1 July 2014 to 31 December 2020 as set out in the Annex as it fulfils the conditions laid down in the Guidelines on regional State aid for 2014-2020.
  - to publish the regional aid map as contained in the Annex to this decision in the *Official Journal of the European Union*. The full text of this letter in the authentic language will be published on the following Internet site:  
<http://ec.europa.eu/competition/elojade/isef/index.cfm>
- (30) Any request concerning this letter 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 29 61242

Yours faithfully,  
For the Commission

Joaquín ALMUNIA  
Vice-President

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<sup>5</sup> OJ C319, 27.12.2006, p.1.

**ANNEX to the decision on case SA.38509**  
**Guidelines on regional State aid for 2014-2020**

(OJ C 209, 23.07.2013, p. 1)

**Ireland - Regional aid map applicable from 1.7.2014 until 31.12.2020**

**1. Regions eligible for aid under Article 107(3)(c) TFEU from 1.7.2014 until 31.12.2020**

**(a) Non-predefined Article 107(3)(c) TFEU areas (Paragraph 168 of the RAG, criterion 1)**

<b>NUTS 3 Region Code</b>	<b>Name of eligible NUTS 3 / LAU 1 area</b>	<b>Maximum aid intensities (applicable to large enterprises)*</b>
IE011	Border (Entirely)	10% GGE
IE012	Midlands (Entirely)	10% GGE
IE024	South-East (Entirely)	10% GGE
IE013	West (Entirely)	10% GGE
IE022	Mid-East (Partly, only parts of Arklow, Kells and Athy)	10% GGE
<p>Only the following parts of the above NUTS 3 region are eligible:</p> <p><b>Arklow:</b> Arklow No. 1 Urban; Arklow No. 2 Urban; Aughrim; Carnew; Tinahely; Arklow Rural; Ballyarthur; Kilbride; Avoca; Ballinaclash; Shillelagh; Coolboy; Cronebane; Coolballintaggert; Kilpipe; Ballingate; Ennereilly; Kilballyowen; Killinure; Ballinacor; Coolatin; Rath; Knockrath; Ballinglen; Aghowle; Ballybeg; Cronelea; Money.</p> <p><b>Kells:</b> Kells Rural; Athboy; Oldcastle; Kells Urban; Drumcondra; Grennanstown; Rathmore; Newtown; Teltown; Kilmainham; Nobber; Ardagh; Martry; Moynalty; Balrathboyne; Maperath; Carrickleck; Castlekeeran; Crossakeel; Kilbride; Moylagh; Newcastle; Staholmog; Loughan; Kilskeer; Girley; Killeagh; Cruicetown; Trohanny; Crosskeys; Boherboy; Killallon; Burry; Moybolgue; Stonefield; Ballinlough; Knocklough; Posseckstown.</p> <p><b>Athy:</b> Athy East Urban; Athy Rural; Kilcullen; Athy West Urban; Ballyshannon; Castledermot; Ballymore Eustace; Ballitore; Nurney; Gilttown; Narraghmore; Graney; Skerries; Kilrush; Carrigeen; Kilberry; Grangemellon Ballybrackan; Churchtown; Usk; Dunmanoge; Moone; Harristown; Fontstown; Kilkea; Burtown; Belan; Inschaquire; Ballaghmoon; Johnstown; Bert.</p>		

**(b) Non-predefined Article 107(3)(c) TFEU areas (Paragraph 168 of the RAG, criterion 3)**

<b>NUTS 3 concerned Code Name</b>	<b>Name of the eligible Island</b>	<b>Maximum aid intensities (applicable to large enterprises)*</b>
IE025 South-West	Bear	10% GGE
	Cléire	10% GGE
	Dursey	10% GGE
	Haulbowline	10% GGE
	Inchydoney	10% GGE
	Inishbeg	10% GGE
	Inishodriscol (or Hare)	10% GGE
	Long	10% GGE
	Ringarogy	10% GGE
	Sherkin	10% GGE
IE021 Dublin	Whiddy	10% GGE
	North Bull (ED 038 Clonfarf East B)	10% GGE
	North Bull (ED 087 Raheny – St. Assam)	10% GGE
	Lambay	10% GGE



**(c) Non-predefined Article 107(3)(c) TFEU areas (Paragraph 168 of the RAG, criterion 5)**

<b>NUTS 3 Region Code Name</b>	<b>Name of eligible LAU 1 area</b>	<b>Maximum aid intensities (applicable to large enterprises)*</b>
IE023 Mid-West (Entirely)	Clare	10% GGE
	North Tipperary	10% GGE
	Limerick	10% GGE
IE025 South-West (Partly)	Kerry	10% GGE

\* For investment projects with eligible expenditure not exceeding EUR 50 million this ceiling is increased by 10 percentage points for medium sized companies and 20 percentage points for small companies as defined in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36). For large investment projects with eligible expenditure exceeding EUR 50 million, this ceiling is subject to adjustment in accordance with paragraph 20(c) of the Guidelines on national regional aid for 2014-2020.