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PUBLIC VERSION

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**Subject: State aid SA.53350 (2019/N) – Ireland - Budget increase of R&R aid scheme (SA.49040 as amended to cover temporary restructuring support by SA. 50651)**

Sir,

The European Commission ("the Commission") wishes to inform Ireland that, having examined the information supplied by your authorities on the increase of the budget allowed for the State aid scheme referred to above, it has decided not to raise any objections to the relevant scheme as it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union ("TFEU").

The Commission has based its decision on the following considerations:

**1. PROCEDURE**

- (1) By notification of 29 January 2019, registered by the Commission on the same day, as further clarified on 31 January 2019, Ireland notified, according to Article 108(3) TFEU, an alteration to the existing aid scheme mentioned above.

**2. DESCRIPTION**

**2.1. Objective**

- (2) The aim of the notification is to increase the budget of the existing and approved restructuring aid scheme for SMEs in difficulty ("**the scheme**" hereinafter, as

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originally approved by the Commission ("**the initial decision**" hereinafter)<sup>1</sup>, as amended to encompass temporary restructuring support, as also approved by the Commission ("**the extension decision**" hereinafter)<sup>2</sup>.

- (3) Ireland wishes to increase to EUR 200 million the budget of the scheme, as set out in the initial decision (EUR 10 million) and in the extension decision (EUR 10 million more).
- (4) No other modifications to the scheme are envisaged.

## **2.2. Legal basis**

- (5) Section 7 of the Industrial Development Act as amended<sup>3</sup>.

## **2.3. Duration**

- (6) The allocation of the budget increase to the scheme shall enter into force following its approval by the Commission and expire on 31 December 2020, in line with the planned duration of the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty ("the Guidelines").<sup>4</sup>.

## **2.4. Description of the aid scheme**

- (7) The scheme aims at providing restructuring aid and temporary restructuring support to small and medium sized enterprises in difficulty in Ireland. In the absence of any modification other than the increase of the budget available, the objectives, granting authority, beneficiaries, eligible sectors, conditions for granting State aid under the scheme and commitments of Ireland remain those described in the initial decision (see recitals (2) to (35)) and in the extension decision (see recitals (2) to (25)) .

# **3. ASSESSMENT**

## **3.1. Existence of aid - Application of Article 107(1) TFEU**

- (8) According to Article 107(1) TFEU, "[s]ave as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market".
- (9) The Commission established the existence of the aid within the meaning of Article 107(1) TFEU in the initial decision and in the extension decision. The Commission refers to that assessment (recitals (38) to (42) of the initial decision and recitals (28) to (33) of the extension decision).

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<sup>1</sup> Decision C (2017) 7927 final of 30 November 2017 in case SA.49040 (2017/N) – Ireland - Restructuring aid scheme for SMEs in difficulty, OJ C 180, published on 25 May 2018.

<sup>2</sup> Decision C (2018) 7927 final of 4 May 2018 in case SA.50651 (2018/N) – Ireland – Temporary restructuring support (extension of SA. 49040) OJ C 360, published on 5 October 2018.

<sup>3</sup> Available at <http://www.irishstatutebook.ie/eli/1986/act/9/enacted/en/html>

<sup>4</sup> OJ C 249 of 31.7.2014, p.1.

### **3.2. Lawfulness of the aid – Application of Article 108(3) TFEU**

- (10) Given that the notified modification of the scheme consists of a ten-fold increase up EUR 200 million of the EUR 20 million budget approved, such modification amounts to an alteration to existing aid which constitutes notifiable new aid, pursuant to the provisions of Articles 1(c) and 2 of the Procedural Regulation<sup>5</sup>, read in conjunction with Article 4 (1) of the Implementing Regulation<sup>6</sup>.
- (11) Whilst complying with the notification obligation, Ireland also confirmed that the modification shall not enter into force until Commission approval, so that Ireland will respect the standstill obligation laid down in Article 108(3) TFEU.

### **3.3. Compatibility of the aid**

#### *3.3.1. Application of Article 107(3)(c) TFEU*

- (12) Under Article 107(3)(c) TFEU, an aid may be considered compatible with the internal market, if it is found to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest.
- (13) In the initial decision and in the extension decision, the Commission found this derogation was applicable and assessed the compatibility with the internal market of the scheme on the basis of the Guidelines.
- (14) The Guidelines are therefore appropriate to assess the compatibility with the internal market of the alteration to the scheme.

#### *3.3.2. Application of the Guidelines*

- (15) In the initial decision and in the extension decision, the Commission found that the aid granted under the scheme was compatible with the internal market since the scheme met the relevant conditions of the Guidelines. The Commission refers to that assessment (recitals (43) to (58) of the initial decision and recitals (36) to (52) of the extension decision).
- (16) The Guidelines provide no limitation as regards the budget allocated to rescue and restructuring aid schemes as described in section 6 thereof.
- (17) Apart from the budget increase, there are no other alterations to the existing aid scheme (recital (3)). Consequently, given in particular that the aid to be granted under the scheme meets the conditions of the Guidelines (recital (15)), no further distortive effect on competition can be expected. The Commission considers that the budget increase does not affect the positive conclusion the compatibility of the aid scheme with the internal market, as carried out in the initial decision and in the extension decision.

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<sup>5</sup> Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union, OJ L 248, 24.9.2015, p. 9

<sup>6</sup> Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) 659/1999, laying down detailed rules for the application of Article 93 of the EC Treaty. OJ L 140, 30.04.2004, p. 1-134, as amended.

- (18) Based on the above considerations, the Commission concludes that the proposed amendments to the existing aid scheme do not affect the evaluation of its compatibility with the internal market, as carried out in the initial decision and in the extension decision.

#### 4. CONCLUSION

The Commission has accordingly decided not to raise objections to the notified alteration of the existing aid scheme Restructuring aid scheme for SMEs in difficulty, as amended, on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) TFEU.

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 authentic language on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

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Directorate-General Competition  
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Yours faithfully  
For the Commission

Margrethe VESTAGER  
Member of the Commission

