



Brussels, 21.4.2020
C(2020) 2629 final

PUBLIC VERSION

This document is made available for
information purposes only.

Subject: State Aid SA.57036 (2020/N) – Ireland – Sustaining Enterprise Scheme supporting undertakings affected by the economic repercussions of the COVID-19 outbreak

Excellency,

1. PROCEDURE

- (1) By electronic notification of 15 April 2020, Ireland notified a measure to support undertakings affected by the economic repercussions of the COVID-19 in the form of direct grants, repayable advances, loans and equity (“the measure”) under Article 107(3)(b) of the Treaty on the Functioning of the European Union, as interpreted by the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”).¹ This measure will replace the Repayable Advance Scheme of Ireland for which the Commission had adopted a no objection decision on 30 March 2020 under case number SA.56845 (2020/N)².
- (2) By electronic communication of 20 and 21 April 2020, Ireland submitted further information to complete the notification.
- (3) The Irish authorities confirm that the notification does not contain confidential information.

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1-9, as amended on 3 April 2020, OJ C 112 I, 4.4.2020, p.1-9.

² Commission decision C(2020) 2074 final, as amended on 1 April 2020.

Mr. Simon Coveney, TD
Minister of Foreign Affairs and Trade,
Department of Foreign Affairs and Trade
80, St. Stephen's Green,
Dublin 2,
IRELAND

2. DESCRIPTION OF THE MEASURE

- (4) The impact of COVID-19 on economic activity in Ireland has been sudden and widespread. Enterprises in the manufacturing and internationally traded services sectors are being negatively impacted through a combination of factors, including reduced demand for product and services, falling demand in export markets, disruptions of supply chains, and by the significant slowdown in domestic economic activity, arising from the health protection measures introduced by the Irish Government to combat the spread of COVID-19.
- (5) Since the first case of COVID-19 was confirmed in Ireland, on 29 February 2020, the Irish Government has progressively introduced a series of public health measures, including, among others: the closure of all schools, colleges, crèches and non-essential retail facilities, the closure or restriction of service industries (e.g. restaurants, hairdressers), restrictions on non-essential travel, including to places of work, and social distancing measures, including restrictions on social gatherings, and prohibition on any large gatherings. These measures, and those introduced by Governments across the world, are impacting negatively on the viability of enterprises, creating acute liquidity needs.
- (6) The measure aims to sustain businesses dealing with the impact of COVID-19. Furthermore, the measure seeks to address a sudden shortage or unavailability of liquidity and preserve the continuity of economic activity through supporting undertakings facing financial difficulties as a consequence of the COVID-19 outbreak.
- (7) The measure is expressly based on Article 107(3)(b) of the Treaty on the Functioning of the European Union (“TFEU”), as interpreted by Section 2 of the Temporary Framework.

2.1. The nature and form of aid

- (8) The measure provides aid in the form of direct grants, repayable advances, loans and equity.

2.2. National legal basis

- (9) The legal basis for the measure is:
 - (a) Udaras na Gaeltachta Act, 1979³,
 - (b) Industrial Development Act, 1993 (amended by section 37 of the Industrial Development (Forfás Dissolution) Act 2014)⁴,
 - (c) Industrial Development Act 1995 (Sec 10)⁵,
 - (d) Industrial Development (Enterprise Ireland) Act, 1998, Section, 7 (1) (i)⁶,

³ <http://www.irishstatutebook.ie/eli/1979/act/5/section/10>.

⁴ IDA Ireland - <http://www.irishstatutebook.ie/eli/1993/act/19/enacted/en/index.html>, <http://www.irishstatutebook.ie/eli/2014/act/13/section/37/enacted/en/html#sec37>.

⁵ <http://www.irishstatutebook.ie/eli/1995/act/28/section/10/enacted/en/html#sec10>.

- (e) Sustaining Enterprise Scheme under the Temporary Framework⁷.

2.3. Administration of the measure

- (10) Enterprise Ireland, IDA Ireland, Údarás na Gaeltachta and the Local Enterprise Offices are responsible for administering the measure. Údarás na Gaeltachta will handle all aid applications from undertakings located in Gaeltacht.

2.4. Budget and duration of the measure

- (11) Funds made available from the State Budget for schemes developed by Enterprise Ireland, IDA Ireland and the Local Enterprise Offices are subject to the consent of the Minister for Public Expenditure and Report and the Minister for Business, Enterprise & Innovation.
- (12) Funds made available from the State Budget for measures developed by Údarás na Gaeltachta are subject to the consent of the Minister for Public Expenditure and Report and the Minister of Culture, Heritage and the Gaeltacht.
- (13) The measure is not co-financed by the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFF), European Union Solidarity Fund (EUSF) or the Coronavirus Response Investment Initiative (CRII).
- (14) The budget for the measure is estimated at EUR 200 million.
- (15) No individual aid will be awarded beyond 31 December 2020.

2.5. Beneficiaries

- (16) The Scheme applies to undertakings operating in the manufacturing and/or internationally traded services sectors of Ireland, which are affected by the economic repercussions of the COVID- 19 outbreak.
- (17) This scheme is not open to undertakings:
- (a) that are operating in the coal or steel sector;
 - (b) that are active in the primary agricultural, fishery or aquaculture sectors;
 - (c) that are covered by specific rules for financial services.⁸
- (18) Aid may be granted under the measure only to undertakings that were not in difficulty within the meaning of the General Block Exemption Regulation⁹ on 31 December 2019.

⁶ Enterprise Ireland - <http://revisedacts.lawreform.ie/eli/1998/act/34/revised/en/html>.

⁷ Version of 15 April 2020; not yet published/

⁸ Financial institutions would be those included in the Communication from the Commission on the application, from 1 August 2013, of the State aid rules to support measures in favour of banks in the context of the financial crisis ('Banking Communication') (OJ C 216, 30.7.2013, p. 1).

2.6. Regional scope of the measure

- (19) The measure applies to the whole territory of Ireland.

2.7. Basic elements of the measure

- (20) The maximum overall aid amount per undertaking (gross, i.e. before any deduction of tax or other charge) is EUR 800 000. Where the aid is granted in the form of loans and equity the total nominal value of such measures remains below the overall cap of EUR 800 000 per undertaking.
- (21) The Irish authorities confirm that where the beneficiaries are undertakings active in the processing and marketing of agricultural products, the aid is not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products purchased from primary producers or put on the market by the undertakings concerned.
- (22) All Granting authorities (recital (10)) will be able to develop more specific schemes under the “Sustaining Enterprise Scheme under the Temporary Framework”, as long as all conditions are respected.

2.8. Cumulation

- (23) Aid under these measures may be cumulated with other compatible aid, de minimis aid or with other forms of Union financing provided that the provisions and cumulation rules of the relevant Guidelines or Block Exemptions Regulations are respected. In case the same beneficiary has received aid under the previous scheme (SA.56845) (recital (1)) the amount is taken into account as well for calculation of the limit of EUR 800 000.

2.9. Monitoring and reporting

- (24) The Irish authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework, (*e.g.*, by 31 December 2020, a list of measures put in place on the basis of schemes approved under the Temporary Framework must be provided to the Commission; detailed records regarding the granting of aid must be maintained for ten years upon granting of the aid, etc.).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (25) By notifying the measure before putting it into effect, the Irish authorities have respected their obligations under Article 108(3) TFEU.

⁹ Undertakings in difficulties are respectively defined in Article 2(18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

3.2. Existence of State aid

- (26) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (27) The measure is imputable to the State, since it is granted and administered by State agencies (i.e. Enterprise Ireland, IDA Ireland, the Local Enterprise Offices and Údarás na Gaeltachta) and it is based on the legislative acts mentioned in recital (9). It is financed through State resources, since it is financed by the general budget.
- (28) The measure confers an advantage on its beneficiaries in the form of direct grants, repayable advances, loans and equity (recital (8)). The measure thus relieves those beneficiaries of costs, which they would have to bear under normal market conditions.
- (29) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings operating in the manufacturing and/or internationally traded services sectors of Ireland, which are affected by the economic repercussions of the COVID- 19 outbreak (recital (17)).
- (30) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.
- (31) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

- (32) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (33) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (34) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (Section 2) that “*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*”. The Commission concluded that “*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs*”.
- (35) The objective of this scheme is to sustain businesses dealing with the impact of the COVID-19 outbreak. Furthermore, the measure seeks to address a sudden

shortage or unavailability of liquidity and preserve the continuity of economic activity through supporting undertakings facing financial difficulties as a consequence of the COVID-19 outbreak. The measure is of a scale that can be reasonably anticipated to produce effects across the entire Irish economy. Furthermore, the measure has been designed to meet the requirements of a specific category of aid described in Section 3.1 of the Temporary Framework.

- (36) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:
- (a) The maximum overall aid amount per undertaking is EUR 800 000. Where the aid is granted in the form of loans and equity the overall nominal value does not exceed EUR 800 000 per undertaking (recital (20)); the condition of paragraph 22(a) of the Temporary Framework is therefore considered to be met;
 - (b) The aid takes the form of direct grants, repayable advances, loans and equity, and therefore complies with paragraph 22(a) of the Temporary Framework;
 - (c) The estimated budget of the scheme is EUR 200 million (recital (15)). Therefore, the condition of paragraph 22(b) of the Temporary Framework is considered to be met;
 - (d) In compliance with paragraph 22(c) of the Temporary Framework, the aid will only be granted to undertakings which were not already in difficulty on 31 December 2019 (recital (18));
 - (e) The aid will be granted no later than 31 December 2020 (recital (11)); hence the condition set out in paragraph 22(d) of the Temporary Framework is met;
 - (f) Aid granted to beneficiaries active in the processing and marketing of agricultural products is conditional on not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products purchased from primary producers or put on the market by the undertakings concerned (recital (21)); therefore, the condition of paragraph 22(e) of the Temporary Framework is considered to be met;
- (37) The Irish authorities committed to comply with all the monitoring and reporting provisions laid down in section 4 of the Temporary Framework (recital (23)). In accordance with paragraph 48 of the Temporary Framework, the Commission may request additional information regarding the aid granted, to verify whether the conditions laid down in this decision have been met.
- (38) Aid granted under section 3.1 of the Temporary Framework may be cumulated with aid under other sections of the Temporary Framework within the limits of the specific provisions of the other sections of the Temporary Framework and with aid granted under the “de minimis” Regulation or with other forms of Union financing provided that the

cumulation rules in the relevant regulations and guidelines are respected. In case the same beneficiary has received aid under the previous scheme (SA.56845) (recital (1)) the amount is taken into account as well for calculation of the limit of EUR 800 000 (recital (22)).

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President