EUROPEAN COMMISSION

Brussels, 8.3.2021
C(2021)1622 final

PUBLIC VERSION
This document is made available for information purposes only.

Subject: State Aid SA.61236 (2021/N) – Ireland
COVID-19: Tourism Business Continuity Scheme

Excellency,

1. PROCEDURE

(1) By electronic notification of 17 February 2021, Ireland notified an aid scheme in the form of limited amounts of aid (Tourism Business Continuity Scheme, the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).

2. DESCRIPTION OF THE MEASURE

(2) Ireland considers that the COVID-19 outbreak affects the real economy. The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the

---


Mr. Simon Coveney, TD
Minister of Foreign Affairs and Trade,
Department of Foreign Affairs and Trade
80, St. Stephen's Green, Dublin 2,
IRELAND
undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.

(3) The impact of COVID-19 on economic activity in Ireland has been sudden and widespread. The actions taken to contain COVID-19 caused a sudden and severe contraction in economic activity across the world and raises unparalleled challenges, i.e., sudden and large-scale job losses, extreme uncertainty, severe negative shock to consumer spending and investment. In 2020, Ireland’s GDP was forecasted to decrease with 2.4% compared to 2019. Whilst a slight recovery of GDP is forecasted in 2021, it would still be 0.7% lower than 2019 levels.\(^2\)

(4) The tourism sector is particularly hit by the outbreak. With international aviation at a virtual standstill, the closure of tourism sites and a ban on public gatherings, the impact of COVID-19 on global tourism is overwhelming and immediate. The depth and breadth of COVID-19-related impact on tourism and the wider economy mean that a speedy recovery of that sector is improbable.

(5) The measure aims to assist Irish tourism businesses who have suffered significant losses as a result of COVID-19. The potential loss of a significant number of operators will be detrimental when the economy reopens to both domestic and international tourism and have a negative impact on the tax returns and exchequer.

(6) The proposed measure will cover a set of measures that could be utilised to support the sector. The aid may take the form of a number of measures comprising:

(a) Liquidity Measures: to ensure that sufficient liquidity remains available in the market and to counter the liquidity shortage faced by undertakings;

(b) Defrayment of Fixed Costs: to ensure that the disruptions caused by the outbreak do not undermine the viability of undertakings by assisting them to maintain their economic activity through the partial reimbursement of fixed costs.

(7) Ireland confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.

(8) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

\(^2\) In 2020, its Modified Gross National Income (GNI*), a measure which corrects for globalisation effects that are disproportionally impacting the measurement of the size of the Irish economy, was forecasted to decrease over 5% compared to 2019. In 2021, a slight recovery in GNI* is predicted, to 2.5% below 2019 levels.
2.1. The nature and form of aid

(9) The measure provides aid in the form of direct grants.

2.2. Legal basis

(10) The legal basis for the measure is the National Tourism Development Authority Act of 2003, in particular its sections 8(1)(e), 8(2)(c) and 25(1).

2.3. Administration of the measure

(11) Fáilte Ireland (the National Tourism Development Authority) is responsible for administering the measure, using funds made available for that purpose by the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media with the consent of both the Minister for Tourism and the Minister for Public Expenditure and Reform.

2.4. Budget and duration of the measure

(12) The estimated budget of the measure is EUR 55 million.

(13) Aid may be granted under the measure as from the notification of the Commission’s approval until no later than 31 December 2021.

2.5. Beneficiaries

(14) The final beneficiaries of the measure are undertakings active in tourism or in directly related sectors in Ireland. However, financial institutions are excluded as eligible final beneficiaries.

(15) Undertakings are eligible if:

(a) They are active in tourism or in directly related sectors, such as undertakings active in accommodation, travel, touristic attractions, international coach service providers, conference organisers and tourist guides;

(b) They have suffered, or are projected to suffer, a reduction in actual or projected turnover or profit as a result of COVID-19; and

(c) They fulfil at least one of the following conditions:

- They face challenges in securing sufficient capital from the market or other sources to meet the funding needs of a business sustainment plan; or

- They are facing a sudden shortage of sufficient liquidity to preserve the continuity of economic activity.

(16) The measure 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) covered by specific rules for financial institutions.³

(17) The Irish authorities expect the number of beneficiaries to be between 1000 and 2000.

(18) Aid may not be granted under the measure to medium⁴ and large enterprises that were already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)⁵ on 31 December 2019. Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the GBER on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid⁶ or restructuring aid.⁷

2.6. Sectoral and regional scope of the measure

(19) The measure is open to undertakings active in tourism or in directly related sectors, except the financial sector.

2.7. Basic elements of the measure

(20) Aid under the measure will be granted up to an amount of EUR 1.8 million per undertaking in the form of direct grants. All figures used are gross, that is, before any deduction of tax or other charge.

2.8. Cumulation

(21) The Irish authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations⁸ or the GBER provided the provisions and cumulation rules of those Regulations are respected.

(22) The Irish authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission

---

³ Financial institutions as 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.


⁶ Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

⁷ Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

under other sections of the Temporary Framework provided the provisions in those specific sections are respected.

(23) The Irish authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a) of that framework, will be respected. Aid granted under the measure and/or other measures approved by the Commission under section 3.1 of the Temporary Framework which has been reimbursed before 31 December 2021 will not be taken into account in determining whether the relevant ceiling is exceeded.

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 (including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure on the comprehensive national State aid website or Commission’s IT tool within 12 months from the moment of granting9).

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.

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 administered by Fáilte Ireland (the National Tourism Development Authority) (recital (11)) and it is based on the National Tourism Development Authority Act of 2003 (recital (10)). It is financed through State resources, since it is financed by public funds.

(28) The measure confers an advantage on its beneficiaries in the form of direct grants. The measure thus confers an advantage on those beneficiaries which they would not have had under normal market conditions.

(29) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings active in tourism and directly related sectors, excluding the financial sector (recitals (14)-(19)).

---

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.

In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Irish authorities do not contest that conclusion.

3.3. Compatibility

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.

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”.

By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in 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”.

The measure aims to ensure that sufficient liquidity remains available in the market and to counter the liquidity shortage faced by undertakings because of the outbreak at a time when the normal functioning of markets is severely disturbed by the COVID-19 outbreak, that outbreak is affecting the wider economy and is leading to severe disturbances of the real economy of Member States.

The measure is one of a series of measures conceived at national level by the Irish authorities to remedy a serious disturbance in their economy. The importance of the measure to preserve employment and economic continuity in tourism and in the directly related sectors is widely accepted by economic commentators. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“Limited amounts of aid”) described in section 3.1 of the Temporary Framework.

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:

- The aid takes the form of direct grants (recital (9)).

The overall nominal value of the grants will not exceed EUR 1.8 million per undertaking (recital (20)); all figures used must be gross, that is, before any deduction of tax or other charges. The measure therefore complies with point 22(a) of the Temporary Framework.
• Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (12). The measure therefore complies with point 22(b) of the Temporary Framework.

• Aid may not be granted under the measure to medium\textsuperscript{10} and large enterprises that were already in difficulty on 31 December 2019 (recital (18)). The measure therefore complies with point 22(c) of the Temporary Framework. Aid may be granted to micro and small enterprises that were in difficulty on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid\textsuperscript{11} or restructuring aid\textsuperscript{12} (recital (18)). The measure therefore complies with point 22(c)bis of the Temporary Framework.

• Aid will be granted under the measure no later than 31 December 2021. The measure therefore complies with point 22(d) of the Temporary Framework.

(38) The Irish authorities confirm that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (7)).

(39) The Irish authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (24)). The Irish authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework and the cumulation rules of the relevant Regulations are respected (recitals (21) to (23)).

(40) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.


\textsuperscript{11} Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

\textsuperscript{12} Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.
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.

The decision is based on non-confidential information and is therefore published in full on the Internet site: [http://ec.europa.eu/competition/elojade/isef/index.cfm](http://ec.europa.eu/competition/elojade/isef/index.cfm).

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President