



EUROPEAN COMMISSION

Brussels,  
C(2006)

**Subject: State aid N 374/2006 – Ireland  
Regional aid map 2007-2013**

Sir,

**1. PROCEDURE**

- (1) By e-mail dated 14 June 2006, registered at the Commission on the same day (A/34617) Ireland notified its regional aid map for the period 1.1.2007 – 31.12.2013. By e-mail dated 13 July 2006, registered at the Commission on 17 July 2006 (A/35777), Ireland submitted additional information.
- (2) By letter of 15 September 2006 (D/57986) the Commission services asked for complementary information, which the Irish authorities provided by e-mail of 26 September 2006, registered at the Commission on 27 September 2006 (A/37570).
- (3) On 21 December 2005, the Commission adopted the *Guidelines on National Regional Aid for 2007-2013*<sup>1</sup> (hereinafter “RAG”). In accordance with paragraph 100 of the RAG each Member State should notify to the Commission following the procedure of Article 88(3) of the Treaty, a single regional aid map covering its entire national territory which will apply for the period 2007-2013. In accordance with paragraph 101, the approved regional aid map is to be published in the Official Journal of the European Union, and will be considered an integral part of the RAG.

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<sup>1</sup> Guidelines on National Regional Aid for 2007-2013, OJ C 54, 4.3.2006, p. 13

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## 2. DESCRIPTION

- (4) For the period between 1 January 2000 and 31 December 2006<sup>2</sup> the whole of Ireland was eligible either under the derogation of Article 87(3)(a) or Article 87(3)(c) of the EC Treaty. The Irish authorities propose that for the period 2007-2013 regions covering 50% of their population should be eligible to receive regional investment aid under the derogation of Article 87(3)(c) of the EC Treaty, although at different aid intensities. Further they propose a transitional additional coverage of their population for the years 2007-2008 with an aid intensity of 10% GGE<sup>3</sup>.
- (5) All the proposed aid ceilings are those for investments by large enterprises. For medium sized enterprises<sup>4</sup> these aid ceilings can be increased<sup>5</sup> by 10 percentage points and for small enterprises<sup>6</sup> by 20 percentage points.

### 2.1. Article 87(3)(c) regions: Economic development regions proposed for the whole period 2007-2013

- (6) The following NUTS-II region is proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty for the whole period 2007-2013 at an aid ceiling of 30% GGE until 31.12.2010 and an aid ceiling of 15% GGE as from 1.1.2011.

	GDP <sup>7</sup>
– IE01 Border, Midland and Western	93.6%

### 2.2. Other Article 87(3)(c) regions proposed for the whole period 2007-2013

- (7) The following NUTS-III region is proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 10% GGE for the whole period 2007-2013:
- IE024 South-East (IRL)
- (8) The following small islands situated in the NUTS-III region of IE025 South-West (IRL) are also proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 10% GGE for the whole period 2007-2013:
- Bear, Cape Clear, Dursey, Heir, Long, Sherkin, Whiddy.

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<sup>2</sup> State aid N 523/99 – Ireland – Regional aid map 2000-2006. (SG(99)D/10276)

<sup>3</sup> GGE – Gross Grant Equivalent

<sup>4</sup> As defined in the Annex of Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) 70/2001, OJ L 63, 28.2.2004, p. 22, or any successor regulation.

<sup>5</sup> Except for aid awarded in the transport sector and aid for large investment projects.

<sup>6</sup> See footnote 4.

<sup>7</sup> Gross Domestic Product expressed in Purchasing Power Standards per capita for the years 2000-2002 (EU25 = 100)

### **2.3. Article 87(3)(c) regions proposed for the whole period 2007-2013 for higher rates of aid for SME only**

(9) In the NUTS-III regions of IE023 Mid-West and IE025 South-West (IRL) the following sub-regions at the level of Counties (LAU1<sup>8</sup>) are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty, with a basic aid ceiling of 10% GGE for the whole period 2007-2013, for SME only, so that after applying the SME bonuses, the maximum permitted aid intensities are 20% for medium sized enterprises and 30% for small enterprises:

- IE023 3 01 Clare
- IE023 3 02 and 03 Limerick (City and County)
- IE023 3 04 North Tipperary
- IE025 5 03 Kerry
  
- Cork Urban Regeneration Area

### **2.4. Article 87(3)(c) regions: transitional additional coverage (1.1.2007-31.12.2008)**

(10) In the NUTS-III region of IE023 Mid-West the following sub-regions at the level of Counties (LAU1) are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty for the period 2007-2008 at an aid ceiling of 10% GGE:

- IE023 3 01 Clare
- IE023 3 02 and 03 Limerick (City and County)
- IE023 3 04 North Tipperary

(11) In the NUTS-III region of IE025 South-West (IRL) the following sub-regions at the level of Counties (LAU1) are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty for the period 2007-2008 at an aid ceiling of 10% GGE:

- IE025 5 03 Kerry
- IE025 5 01 and 02 Cork (City and County)

## **3. ASSESSMENT**

(12) Annex V of the RAG allocated Ireland a total population coverage of 50% eligible for national regional state aid for the period 2007-2013 under the derogation of Article 87(3)(c) of the EC Treaty. The 2002 Census of population shows a total population of Ireland of 3,917,203. The population eligible for coverage for 2007-2013 is therefore 1,958,601.

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<sup>8</sup> Local Administrative Units at the level 1

- (13) Annex V of the RAG allocated Ireland a transitional additional population coverage of 25% eligible for national regional state for the period 2007-2008 under the derogation of Article 87(3)(c) of the EC Treaty. The population eligible for coverage for 2007-2008 is therefore 979,300.

### **3.1. Article 87(3)(c) regions: Economic development regions**

- (14) The economic development regions are defined in paragraph 25 of the RAG as those NUTS-II regions which had a GDP per capita of less than 75% on an EU-15 basis when the 1998 Regional Aid Guidelines were adopted, but which as a result of their economic development no longer meet that condition on an EU-15 basis. In Ireland, one NUTS-II region is concerned: IE01 Border, Midland and Western.
- (15) In accordance with paragraph 47 of the RAG, the aid ceiling for 87(3)(c) regions must not normally exceed 15%. However, Paragraph 93 of the RAG foresees that the reduction of aid ceilings for the economic development regions may take place in two stages, a reduction of at least 10 percentage points on 1.1.2007 and a final reduction at the latest on 1.1.2011.
- (16) As the region IE01 Border, Midland and Western was eligible for an aid ceiling of 40% in the period 2000-2006, the proposed aid ceilings of 30% on 1.1.2007 and 15% on 1.1.2011 are in line with paragraphs 93 and 47 of the RAG.
- (17) The population of the NUTS-II IE01 Border, Midland and Western amounts to 1,038,194, which represents 26.5% of the Irish population.

### **3.2. Other Article 87(3)(c) regions proposed for the whole period 2007-2013**

- (18) In accordance with paragraph 30(c) of the RAG, Member States may select regions which form contiguous zones with a minimum population of at least 100,000 and which are located within either NUTS-II or NUTS-III regions which have either a GDP per capital of less than the EU-25 average, or which have an unemployment rate which is higher than 115% of the national average.
- (19) As the proposed NUTS-III region of IE024 South-East (IRL) has an unemployment rate of 117.9% of the national average, which is higher than the required 115% and a population 423,616, the conditions of paragraph 30(c) of the RAG are met.
- (20) In accordance with paragraph 30(f) of the RAG, Member States may select islands with fewer than 5,000 inhabitants.
- (21) As the proposed small islands: Bear, Cape Clear, Dursey, Heir, Long, Sherkin and Whiddy, have a combined total population of 539, this condition of paragraph 30(f) of the RAG is met.
- (22) The total population proposed under the subtitle 3.2 of this decision amounts to 424,155, which represents 10.8% of the Irish population.

(23) Furthermore, the Irish authorities correctly apply the reduced aid intensity of 10% foreseen in paragraph 47 of the RAG in these regions.

**3.3. Article 87(3)(c) regions proposed for the whole period 2007-2013 for higher rates of aid for SME only**

(24) As Annex V of the RAG attributed Ireland a total population coverage of 50% eligible for national regional state aid for the period 2007-2013 under the derogation of Article 87(3)(c) of the EC Treaty and only 37.3% has been proposed under the previous subtitles of this decision, this leaves 12.7 to be designated.

(25) In accordance with paragraph 31 of the RAG, Member States may designate other smaller areas if they can demonstrate that the areas are relatively more in need of economic development than other areas in that region. Regional aid will be approved by the Commission in these areas for SMEs, and the relevant SME bonus will also apply. However, no aid for investments by large companies in these areas or aids for investments with eligible expenses exceeding EUR 25 million will be approved.

(26) The Irish authorities selected the following Counties (LAU1) to be eligible for aid under this derogation.

• IE023 3 01	Clare	103,277
• IE023 3 02 and 03	Limerick (City and County)	175,304
• IE023 3 04	North Tipperary	61,010
• IE025 5 03	Kerry	132,527
• Cork Urban Regeneration Area		23,859
TOTAL		495,977

(27) In order to support this choice, the Irish authorities have provided a range of different economic indicators which demonstrate that objectively these are the worst off of their remaining counties, including the total income per person and unemployment rates.

(28) The Cork Urban Regeneration Areas is a special case as it is an area below LAU1 within the City of Cork. This area, with the Cork docklands at its core, consists of the District Electoral Divisions (DEDs) (LAU2) of Knockrea B, City Hall B, St. Patrick's A, Montenotte A, Montenotte B, Mayfield, The Glen A, Tivoli A, Tivoli B (part south of the railway), Mahon A and Mahon B and has a population of 23,859 and a total area of 1,206 hectares. This area suffers from very specific problems of urban blight and caused by de-industrialisation, and the Irish authorities intend to transform this brownfield site in a high-density mixed-use urban quarter.

(29) The total population proposed under this subtitle amounts to 495,977, which represents 12.7% of the Irish population.

(30) The total population proposed by the Irish authorities as eligible for national regional state aid for the period 2007-2013 under the derogation of Article

87(3)(c) of the EC Treaty therefore respects the population coverage of 50% allocated to Ireland in Annex V of the RAG.

#### **3.4. 87(3)(c) regions: transitional additional coverage (1.1.2007-31.12.2008)**

(31) In accordance with paragraph 95 of the RAG, Member States may exceptionally designate additional regions to be eligible for regional aid under the derogation of Article 87(3)(c) of the EC Treaty until 1 January 2009, provided that the following conditions are met:

- The regions concerned were eligible for regional aid under the derogation of Article 87(3)(c) of the EC Treaty on 31 December 2006;
- The maximum aid intensity permitted in the additional regions designated in accordance with this provision shall not exceed 10%;
- Annex V of the RAG attributed 25% of the Irish national population as transitional additional coverage eligible to national regional aid under the derogation of Article 87(3)(c) of the EC Treaty for the years 2007-2008.

(32) Since the whole territory of Ireland (except the NUTS-II region of IE01 Border, Midland and Western) was eligible for the derogation of Article 87(3)(c) of the EC Treaty on 31 December 2006, and the aid intensity is 10%, these conditions are met.

(33) The respective populations of the designated regions to be eligible for national regional aid under this provision of the RAG for the period 2007-2008 are as follows<sup>9</sup>:

• IE023 3 01	Clare	103,277
• IE023 3 02 and 03	Limerick (City and County)	175,304
• IE023 3 04	North Tipperary	61,010
• IE025 5 03	Kerry	132,527
• IE025 5 01 and 02	Cork (City and County)	447,829
TOTAL		919,947

(34) The total population of all regions designated to be eligible under the derogation of Article 87(3)(c) of the EC Treaty for the years 2007-2008 is therefore 919,947, which represents 23.5% of the total Irish population. This respects the limit of 25% of the total Irish population in Annex V of the RAG.

(35) The regions designated to be eligible for regional aid under the derogation of Article 87(3)(c) of the EC Treaty for the period 1.1.2007-31.12.2008 at an aid intensity of 10% GGE meet thus the conditions of paragraph 95 of the RAG.

(36) The Commission notes, that with the exception of the County and City of Cork, the regions designated by Ireland to be eligible for transitional coverage during 2007-2008 correspond to those selected to receive higher rates of SME aid

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<sup>9</sup> Source: 2002 Census of population

during the whole of the period 2007-2013. The Commission considers that this overlapping coverage encourages the concentration and continuity of regional aid in the areas concerned, and does not give rise to any incompatibility with the RAG. In fact the application of the guidelines in this way means that the total population eligible for regional aid during the transitional period 2007-2008 is limited to approximately 61.5% of the total Irish population, rather than the 75% theoretically allowed under the guidelines.

- (37) Nevertheless in order to avoid any possible ambiguity the Commission considers it useful to recall that the transitional aid allowed under paragraph 95 of the RAG cannot be cumulated with aid granted under paragraph 31 of the RAG, so that the maximum aid ceilings allowed will be as shown in the table below.

Region	Type of enterprise	Aid ceiling 2007-2008	Aid ceiling 2009-2013
Clare, Limerick (City and County), North Tipperary, Kerry, Cork Urban Regeneration Area	Large	10%	0%
	Medium	20%	20%
	Small	30%	30%
Other parts of Cork (City and County)	Large	10%	Ineligible for regional aid
	Medium	20%	
	Small	30%	

### 3.5. General provisions of the map

- (38) In accordance with paragraph 49 of the RAG, except for aid awarded in the transport sector, the preceding aid ceilings can be increased by 10% GGE for medium sized enterprises and 20% GGE for small enterprises. However, in accordance with paragraph 67 of the RAG no SME bonuses are allowed for investment projects with eligible expenditure exceeding EUR 50 million.
- (39) Following the assessment above, the aid ceilings for regional investment aid notified by Ireland for the period 2007-2013 are in line with the aid ceilings allowed for under the RAG.
- (40) The Commission recalls that in accordance with paragraph 8 of the RAG, 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 sector<sup>10</sup>, or any replacement guidelines.
- (41) The Commission takes note of the following commitments given by the Irish authorities in the notification:
- (a) The Irish authorities confirmed that only the regions defined in the regional aid map published by the Commission pursuant to this notification will be eligible for regional investment aid in accordance with the RAG, or any state aid block exemption regulation relevant for regional aid.

<sup>10</sup> OJ C 28 of 1.2.2000, p.2. Corrigendum OJ C 232, 12.8.2000 p. 17.

- (b) The Irish authorities confirmed that only small enterprises with their economic activity in the regions identified in the regional aid map published by the Commission pursuant to this notification will be eligible for aid for newly created small enterprises as provided for in section 6 (paragraphs 84-91) of the RAG.
- (c) The Irish authorities confirmed that all plans to grant regional aid will be notified to the Commission in accordance with Article 88(3) of the EC Treaty, either as an aid scheme, or as an individual notification unless a State aid exemption regulation applies.
- (d) The Irish authorities confirmed that all regional investment aid will respect the ceilings defined in the region concerned in the regional aid map published by the Commission pursuant to this notification.
- (e) The Irish authorities confirmed that for large investment projects the upper ceilings defined in respect of the region concerned in the regional aid map published by the Commission pursuant to this notification will be adjusted according to the formula in paragraph 67 of the RAG.
- (f) The Irish authorities confirmed that all large investment projects for which the amount of aid proposed is more than the maximum allowable amount of aid an investment with eligible expenditure of EUR 100 million can receive under the scale laid down in paragraph 67 of the RAG, will be notified individually to the Commission.

### **3.6. Appropriate measures**

- (42) By letter of 6 March 2006, reference D/(06)234, the Commission proposed appropriate measures to the Irish authorities by which, *inter alia*, the application of their existing regional aid schemes is limited until 31 December 2006. The Irish authorities accepted these appropriate measures unconditionally by letter of 30 March 2006, registered at the Commission on 7 April 2006 (A/31765).

## **4. DECISION**

- (43) The Commission has accordingly decided:

- to consider the Irish regional aid map for 2007-2013 as set out in the Annex to be compatible with the EC Treaty as it fulfils the conditions as stipulated in the Guidelines on national regional aid for 2007-2013. This map is valid from 1 January 2007 until 31 December 2013.
- to publish the map as presented 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 Internet site: [http://ec.europa.eu/community\\_law/state\\_aids/index.htm](http://ec.europa.eu/community_law/state_aids/index.htm).

Any request concerning this letter should be sent by registered letter or fax to:

European Commission  
Directorate-General for Competition  
Directorate for State Aid I  
State Aid Greffe  
B – 1049 Brussels  
Fax No: 0032.2.296 12 42

Yours faithfully,  
For the Commission

*Neelie KROES*  
Member of the Commission

Annex to the decision on case N 374/2006  
**Guidelines on National Regional aid for 2007-2013**  
(OJ C 54, 4.3.2006, p. 13)

**IRELAND - National regional state aid map 1.1.2007-31.12.2013**  
(Approved by the Commission on

(NUTS II REGION)  (NUTS III REGION)	Ceiling for regional investment aid <sup>11</sup>  (Applicable to large enterprises)	
<b>1. Regions eligible for aid as regions of economic development under Article 87(3) (c) of the EC Treaty</b>		
	1.1.2007-31.12.2010	1.1.2011-31.12.2013
<b>IE01 Border, Midland and Western</b>	30%	15%
<b>2. Regions eligible for aid under Article 87(3) (c) of the EC Treaty for the whole period 2007-2013</b>		
<i>IE024 SOUTH-EAST (IRL)</i>	10%	
<i>IE025 SOUTH-WEST (IRL)</i> The islands of: Bear, Cape Clear, Dursey, Heir, Long, Sherkin, Whiddy	10%	
<b>3. Regions eligible for aid under Article 87(3) (c) of the EC Treaty for the whole period 2007-2013 for higher rates of SME aid only</b>		
	Basic aid ceiling <sup>12</sup>	
<i>IE023 MID-WEST</i> <i>The Counties (LAU1) of</i> <i>IE023 3 01 Clare</i> <i>IE023 3 02 and 03 Limerick</i> <i>IE023 3 04 North Tipperary</i>	10%	
<i>IE025 SOUTH-WEST (IRL)</i> <i>The county (LAU1) of</i> <i>IE025 5 03 Kerry, and</i> <i>The Cork Urban Regeneration Area:</i> <i>the District Electoral Divisions (LAU2) of</i> <i>Knockree B, City Hall B, St. Patrick's A,</i> <i>Montenotte A, Montenotte B, Mayfield, The Glen</i> <i>A, Tivoli A, Tivoli B (part south of the railway),</i> <i>Mahon A and Mahon B</i>	10%	
<b>4. Regions eligible for transitional coverage under Article 87(3) (c) of the EC Treaty for the period 1.1.2007-1.12.2008</b>		

<sup>11</sup> 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 67 of the Guidelines on national regional aid for 2007-2013.

<sup>12</sup> 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). No aid may be awarded for investment projects with eligible expenditure exceeding EUR 25 million.

<p><i>IE023 MID-WEST</i></p> <p><i>The counties (LAU1) of</i>  <i>IE023 3 01 Clare</i>  <i>IE023 3 02 and 03 Limerick</i>  <i>IE023 3 04 North Tipperary</i></p>	<p>10%</p>
<p><i>IE025 SOUTH-WEST (IRL)</i></p> <p><i>The counties of</i>  <i>IE025 5 03 Kerry</i>  <i>IE025 5 01 and 02 Cork</i></p>	<p>10%</p>