



## **West Midlands European Regional Development Fund (ERDF) Programme 2007-13**

### **Prospectus for Outline Applications under Priority Axis 2 – Stimulating Enterprise Development**

**Open Bidding Call: Weds 3rd October 2012 – Fri 30<sup>th</sup> November 2012**

This document sets out the process that will be followed to invite Outline Applications for ERDF grant funding under an Open Call for Applications under **Priority 2 - Stimulating Enterprise Development** of the **West Midlands ERDF Programme 2007-2013**.

Outline Applications are invited in relation to both completely new projects and extension or expansion of existing West Midlands ERDF Priority 2 projects.

#### **1. About ERDF**

- ERDF is a component of the European Union's Structural Funds. Structural Funds are monies allocated directly to regions to stimulate their economic development. The West Midlands ERDF Programme is funded under the Regional Competitiveness and Employment Objective.
- In order to manage an ERDF project successfully, there are a number of complex requirements set by the European Commission and Department for Communities and Local Government which must be adhered to. These include the type of activity that can be supported, the way the project should be delivered and the requirements an applicant must meet in order to be considered eligible to apply for ERDF funding. Applicants are asked to contact the DCLG Programme Delivery Team: West Midlands prior to preparing an application to discuss their project concept. Contact details are given later in this prospectus.

#### **2. ERDF Programme Objectives and Content**

- The ERDF Programme contributes towards closing the region's output gap through its objectives:
  - To achieve a significant increase in the productivity of the business base in the West Midlands;
  - To reduce unemployment and inequalities; and

- To ensure that the region's economic growth is achieved in a sustainable manner, which aids its transformation towards both a low-carbon and high-value added economy.
- To achieve these objectives the ERDF Programme is focused on five priority axes which are underpinned by two cross cutting themes, environmental sustainability and equal opportunities:
  - Priority Axis 1: Promoting Innovation, Research & Development
  - Priority Axis 2: Stimulating Enterprise Development
  - Priority Axis 3: Achieving Sustainable Urban Development
  - Priority Axis 4: Developing Inter-Regional Activity
  - Priority Axis 5: Technical Assistance
- More specifically, the Programme aims to:
  - Assist 22,401 businesses to improve their performance;
  - Create 11,500 new jobs and 2,590 new businesses; and
  - Support the reduction of regional carbon emissions.
  - 3,940 of businesses assisted within the region will also engage in new collaborations with the region's knowledge base.
- The strategy and evidence base behind the Programme and the areas of activity to be delivered to achieve the ERDF Programme's objectives are detailed in the ERDF Operational Programme (OP) which was drawn up by a regional partnership in accordance with European and National Guidelines.

#### **4. ERDF Programme Governance and Initiation of Operations**

- The Department for Communities and Local Government is responsible for the delivery of ERDF Programmes in England.
- Partnership plays a key role in the delivery and management of the ERDF Programme and the strategic direction of the Programme is overseen by the Local Management Committee (LMC), the membership of which is drawn from representatives of bodies which reflect the national, local and thematic interests of the ERDF Programme. The LMC is supported in its work by the Local Management Sub Committee which is involved in the review and selection of bids at the outline stage.
- Each Priority Axis is governed by an Investment Framework which sets out the activities and operations that the LMC have agreed they wish to see delivered under the ERDF Programme, often broken down into relevant Portfolios of activity.
- The Investment Frameworks include the procedure for selecting operations:
  - Open bidding – where an open invitation is published for applications for the support of operations that meet a specified priority or objective of the ERDF Programme;

- Limited bidding – where a limited number of project sponsors is identified and invited to bid for the support of operations or sets of targets or outputs that meet a specified priority or objective of the ERDF Programme; and
- Non-competitive selection – where a single project sponsor (or perhaps two or more) is either selected as appearing to be the only suitable and capable vehicle for delivering a specific operation or set of programme targets or outputs and invited to submit an application for financial assistance; or applies for financial assistance on its own initiative for the support of an operation or a set of targets or outputs that appears to meet a priority or objective of the ERDF Programme.

## 5. Content of the Open Call for Outline Applications

The purpose of this Open Call for ERDF Outline Applications is to permit the initiation of a series of ERDF funded projects specifically under Priority 2 – Stimulating Enterprise Development. Applications are invited for funding for completely new projects or to extend or expand existing West Midlands ERDF Priority 2 projects.

- The basis on which (i) Outline Applications will be reviewed and (ii) the recommendation as to whether or not Outline Applications are endorsed is defined in *Appendix 2*.
- In addition, *Appendix 3* contains information concerning the eligibility of businesses for support under the West Midlands ERDF Programme.
- The following are appended to this document:
  - Appendix 1 - Specification for Outline Applications under the West Midlands ERDF Programme 2007-13, Priority 2 – Stimulating Enterprise Development.
  - Appendix 2 - Parameters for reviewing Outline Applications
  - Appendix 3 - Business Eligibility under the West Midlands ERDF Programme 2007-2013

## 6. Timescales

This Open Call for Outline Applications will be deemed open from the first date of publication of the call, being **Wednesday 3rd October 2012** and remain open until **12.00 noon on Friday 30th November 2012**. During this time, organisations will be able to submit their Outline Applications at any time before the Open Call closes in accordance with Section 9 below.

## 7. Project Surgeries

1. Before finalising Outline Applications, applicants are required to contact the DCLG Programme Delivery Team to discuss their Application and how it fits with the parameters of the call. This will enable us to assist applicants to ensure that proposals meet the eligibility criteria as they are developing their applications.
2. Prospective applicants should contact Rebecca Pointon on 0303 444 6597 / [Rebecca.Pointon@communities.gsi.gov.uk](mailto:Rebecca.Pointon@communities.gsi.gov.uk) or Michelle Egan on 0303 444 6595 / [Michelle.Egan@communities.gsi.gov.uk](mailto:Michelle.Egan@communities.gsi.gov.uk) to book a time slot to discuss their Application.

## 8. Communicating the Open Call for Outline Applications

- The Open Call for Outline Applications will be communicated to partners through:
  1. The dedicated West Midlands ERDF section of DCLG's website; and
  2. The issue of an e-mail bulletin to relevant Programme stakeholders.
- The Bidding Documentation will be placed on the DCLG website from **Wednesday 3rd October 2012 to Friday 30<sup>th</sup> November 2012**. This period of notice provides for appropriate public access to information about the Open Call for Outline Applications to ensure that the process is operated in an open and transparent manner.

## 9. Format for submitting Outline Applications

- Responses to the Open Call must be made on an Outline Application form (and associated annex) which is available in the ERDF national guidance section of the DCLG website and via the following link:

<http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/nationalguidance/erdfforms/>

Responses which are not on this Outline Application form will be rejected.

- Completed submissions must be returned by no later than **12:00 noon on Friday 30<sup>th</sup> November 2012** by:
  - Electronic format to the Programme Delivery Team: West Midlands using the following e-mail address:  
[WEST\\_MIDS\\_ERDF\\_TEAM@communities.gsi.gov.uk](mailto:WEST_MIDS_ERDF_TEAM@communities.gsi.gov.uk);

**AND**

- TWO signed copies, in hard copy format to the address below:

**ERDF Open Call: Priority 2**

Department for Communities and Local Government

Programme Delivery Team: West Midlands  
5 St Philips Place  
Colmore Row  
Birmingham  
B3 2PW

- Receipt of Outline Applications will be acknowledged by email within 48 hours of receipt. Applications will be reviewed in accordance with the process set out in Section 10.
- **Where Outline Applications are received after the Open Call closing date and time, they will not be accepted.**
- **NOTE: Verbal, faxed or telephone submissions will not be accepted.**

## 10. Process for Outline Applications

- Organisations intending to submit an Outline Application should have discussed their Application with Rebecca Pointon or Michelle Egan from the Programme Delivery Team prior to submission, otherwise the application will not be accepted.
- Interested organisations are then invited to submit a completed Outline Application Form.
- At the end of the call, all Applications will be reviewed against the criteria defined in Appendix 1 through an Outline Assessment which will determine whether they will be recommended to the Local Management Sub Committee for outline endorsement and progression to the full application stage. The Outline Applications and Outline Assessments will be circulated to the Local Management Sub Committee for consideration and selection of the projects which will be endorsed.
- If the value of ERDF requested by good quality proposals in the bidding round exceeds the balance remaining in the Priority, all satisfactory Outline Applications will be endorsed and listed in order of quality (according to the assessments carried out). The available ERDF will be allocated to endorsed projects in order of quality. Applicants with applications for which there is sufficient ERDF immediately available will be invited to proceed to the full application stage. Applicants for endorsed projects for which there is no ERDF immediately available will be advised of this. These projects will be placed on a 'reserve list' and will continue to be developed in case projects that have funding allocated to them are withdrawn prior to approval. The reserve list applicants will be advised if and when changes are made to the list by reallocating ERDF that becomes available to one or more projects on the list.
- If the applicant is a private organisation or a voluntary or community organisation they will be required to submit the last three years of financial accounts in order for a financial assessment to be completed at Outline Application stage. The purpose of the financial assessment is to ensure the applicant is able to cash flow the project and has suitable reserves to account for any claw back of funding, should this arise.

- Those projects which are selected according to the above process will be asked to complete and submit a full application for appraisal and investment decision by 28 February, 2013 at the latest.

## **11. Informing Proposers of Decisions and Providing Feedback**

- Following the selection of projects under this call, the Programme Delivery Team will inform the Applicant of the decision taken in writing and will include the reasons for the decision.
- We aim to inform the Applicant of the decision taken, the reasons for the decision and associated feedback within 25 working days of the closure of the Open Call for Applications.

## **12. Further Advice and Contact Details**

Any enquiries regarding this Open Call for Applications can be made to:

Rebecca Pointon  
Programme Delivery Team: West Midlands  
Department for Communities and Local Government  
Telephone: 0303 444 6597  
E-mail: [Rebecca.Pointon@communities.gsi.gov.uk](mailto:Rebecca.Pointon@communities.gsi.gov.uk)

or

Michelle Egan  
Programme Delivery Team: West Midlands  
Department for Communities and Local Government  
Telephone: 0303 444 6595  
E-mail: [Michelle.Egan@communities.gsi.gov.uk](mailto:Michelle.Egan@communities.gsi.gov.uk)

**Specification for Outline Applications under the West Midlands ERDF  
Programme 2007-13**

**Priority 2 - Stimulating Enterprise Development**

**Section 1: Description of activities that may be supported:**

The overall aim of this priority axis is to increase enterprise in the West Midlands in order to improve regional economic performance. This will be achieved through the provision of tailored business support together with a limited range of integrated access to finance measures.

Funding is available under all four portfolios of activity under this Priority:

**Portfolio 1: Improving Business Performance**

The West Midlands GVA per head is below the UK average. At the time that the ERDF Operational programme was prepared, the socio-economic analysis also reported a serious relative fall in the West Midlands share of exports and showed an over-reliance on just two sectors, machinery and transport equipment, and on specific markets. This area of the Programme will concentrate on stimulating and improving the competitiveness and performance of businesses within the ten clusters, through actions which improve productivity and support diversification into new products and markets.

Three particular types of activity are envisaged:

- Firstly, the programme will make available expert help to companies in the ten clusters offering in depth tailored business support to improve overall competitiveness and performance, drawing on the successful experiences and lessons learnt from previous EU funded projects such as Accelerate and Diversification. This will include support to businesses wishing to diversify into activity covered by the ten clusters;
- Secondly, the programme will include trade development schemes designed to stem the decline in regional export share and encourage a diversification of the region's export base. It will concentrate on three activities;
  - Informing regional companies of the opportunities, business culture and best routes to market in the emerging markets of Brazil, China, India, Indonesia, Mexico, Russia, South Africa and Turkey;
  - Seeking to develop new and 'niche' markets for each cluster thus extending the international trade element of the region's 10 cluster plans;
  - Developing support programmes for all aspects of business exchange and particularly exploring the potential for trade activity in the service sector of the regional economy in order to respond to the changing business environment; and

- Thirdly, the programme will establish a Transition Fund to help companies modernise and diversify their operations. This fund will specifically target established businesses who wish to implement diversification plans that show the potential for long term growth but are constrained from doing so as they do not have sufficient unused security to access bank finance, and are not able to provide the high returns required by Venture Capital.

It is envisaged that a fourth strand of activity, helping the management and leadership skills of middle and senior managers and directors within businesses will be offered via the separate European Social Fund programme.

### **Portfolio 2: Developing Applied Innovation Activity and Improving Resource Efficiency**

The socio-economic analysis indicated that a low innovation rate amongst SMEs is acting to limit productivity and export performance. Climate change and the rising cost of fossil fuels place an imperative on business to reduce carbon consumption and improve efficiency. This strand of activity will embed the principles of innovation and sustainability across the ten clusters through three fields of activity:

- Firstly, it will support mentoring to enhance awareness and education of the economic benefits of investing in innovation within the 10 clusters, working with businesses to identify and take up opportunities for innovation;
- Secondly, the Programme will seek to support specific actions which assist businesses to become more profitable through resource efficiency savings, waste management, the uptake of eco innovation and renewable energy and processes with reduced environmental impact; and
- Thirdly, the Programme will establish a Proof of Concept Fund to support ideas and concepts emerging from the collaboration with higher education and research institutes. This fund will enable companies to test out the potential development and commercialisation of new products and processes.

### **Portfolio 3: Developing a Stronger Entrepreneurial Culture**

Traditional sectors of industry are declining and efforts are required to generate new business in those areas of the regional economy that show the greatest potential for growth and higher value added. The socio-economic analysis showed that levels of enterprise activity within the West Midlands are broadly in the mid-range of UK experience but clearly the overall productive capacity of the region in terms of GVA is lagging. In addition, it is evident that female entrepreneurial activity in the West Midlands is relatively weak compared to other parts of the country; that the region is not maximising the enterprise potential of some of its minority ethnic communities and that low rates of new firm formation are geographically concentrated in the region's two major conurbations, although sparsely populated rural communities also encounter similar difficulties. In light of these findings, the Programme intends to focus its support for entrepreneurial activity in the following three areas:

- Firstly, the Programme will focus on encouraging high growth start ups within the 10 clusters. This will draw upon the experience of the successful Mustard and Connect Midlands/InvoRed models within the 2000-2006 Objective 2 Programme and give important impetus to companies showing the potential for fast business and employment growth. This activity will combine a mixture of business support



measures and access to an adequate and consistent supply of venture capital during their start up phase and initial stages of development, to ensure they have access to the resources they need to reach their potential.

- Secondly, the Programme will provide dedicated support, advice and mentoring to those groups that face barriers to creating sustainable businesses, such as women, certain BME groups, and the disabled. In particular, it will target additional 'investment readiness' support to help these particular social groups to raise finance. This activity will be across all sectors of economic activity throughout the region; and
- Thirdly, the Programme will seek to address the low rate of business formation prevalent in areas of multiple deprivation which are concentrated within the two major conurbations, neighbouring districts and the more isolated and remote rural areas (Figure 9.1). Access to micro finance and business support activity will be available for start up and early stage businesses in these areas, including social and community enterprises and those assisted under the activities set out at section 4.6 of the West Midlands ERDF Operational Programme. Support will be available to progress LEGI type initiatives. Packages operating under the Sustainable Urban Development Priority will be encouraged to access funds for enterprise support activities under this element of the priority.

## **Section 2: ERDF Outputs, Results and Impacts**

Projects funded under the ERDF Programme are required to deliver one or more of the defined ERDF output and result targets and demonstrate their value for money on a cost per output basis.

Specifically a Priority 2 project should deliver a combination of the following outputs:

- Businesses Assisted to Improve their Performance
- Businesses Engaged in New Collaborations with the Knowledge Base
- Businesses Assisted that are SMEs
- Businesses Assisted that are Social Enterprises
- Public and Private Sector Investment Leverage
- People Assisted to get a Job
- People Assisted to Start a Business
- Gross Jobs created
- Gross Jobs safeguarded
- New Businesses Created and Attracted to the Region
- Tonnes of Carbon Dioxide Equivalent Reduced

Specific output definitions and the evidence requirements can be found in the guidance document which is available from the DCLG website via the link below:

<http://www.communities.gov.uk/documents/regeneration/pdf/19272281.pdf>

## **Section 3: Specific Conditions for this Open Call**

- Project management and administration costs should not exceed 20% of the total project value.
- The deadline for the submission of an appraisal-ready Full Application following endorsement of an Outline Application by the Local Management Sub Committee is 28 February 2013. Applicants will be strongly encouraged to submit their Full Application as soon as possible after endorsement of an Outline Application.

## **Section 4: State Aid**

State Aid law regulates how public funding is applied in the European Union to ensure that it does not distort trade between different Member States and thereby undermine the European Common Market.

The consequences of non-compliant State Aid are severe. A finding of unlawful State Aid may mean that the award of ERDF (and any other public funding provided for the project) is immediately repayable with compound interest backdated to the point of the award.

An applicant for ERDF is required to work through all the parties that may benefit from the project and for each assess whether the measure constitutes State Aid. The test for State Aid can be found at Article 107(1) of the Treaty for the Functioning of the European Union (TFEU) and in ERDF State Aid Law Requirements (Guidance Note reference ERDF-GN-1-003). A copy of the guidance note is available by request from Rebecca Pointon of the Programme Delivery Team.

Where State Aid is present the applicant must identify an appropriate exemption that can be used to lawfully enable the funding of the project. It is important that applicants familiarise themselves with the terms and conditions relating to any exemption that they apply. Applicants wanting further information on State Aid are recommended to refer to the European Commission website and where necessary to obtain independent legal advice.

## **Section 5: Procurement**

All applicants for ERDF must demonstrate that their project complies with the Public Contract Regulations 2006 and the EC Procurement Directives in selecting the suppliers of goods, works and services for the project.

The suppliers of goods, works and services should be selected through an open, transparent and non-discriminatory competition process, which allows bidders from across the European Common Market the opportunity to be considered for public funded contracts.

Applicants are expected to collect appropriate data to demonstrate compliance throughout the term of their project. These records will be assessed during monitoring and audit inspection visits. Failure to comply with the procurement rules can result in financial penalties of up to the total grant awarded. Therefore it is important that all applicants carefully consider how they will comply with the Procurement requirements.

Further information on the Procurement Requirements are in The ERDF National Procurement Requirements (Guidance Note reference ERDF-GN-1-004). The requirements can be found on the ERDF National Guidance section of the DCLG website at:

<http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/nationalguidance/erdfguidance/>

### Parameters for Reviewing Outline Applications

Outline Applications will be reviewed by the Programme Delivery Team and the recommendation as to whether or not Outline Applications are to be endorsed to proceed to the full stage will be determined by the application's fit within the following parameters:

#### Strategic Fit

- Is the proposed activity eligible for ERDF funding and in the scope of the specification as set out in Appendix 1 and the West Midlands Operational Plan?
- Is there clarity about what the application will pay for and the deliverables?
- Does the proposed activity add value to existing activity or duplicate support which is already available to regional SMEs?

#### Rationale and Additionality

- Is there clear evidence of market failure and a case for public funding and additionality provided by ERDF funding?

#### Value for Money

- Is the ERDF requested and total project size within the parameters of the prospectus?
- Has match funding for the project been identified?
- Does the project value for money in relation to inputs and outputs?

#### Project Management Capacity

- Does the application have experience of managing ERDF funded projects or similar types of projects?
- Does the applicant have the financial capacity to delivery the project?

#### Compliance

- Will the project operate under a state aid framework (see Appendix 1)
- Is there a clear description of any procurement activity and is it in accordance with Public Procurement Policy?

### Business Eligibility under the West Midlands ERDF Programme 2007-2013

It is the responsibility of the project applicant or others administering a project providing assistance to businesses to ensure that the businesses being offered support are eligible, both within the Structural Funds regulations and also within the terms of the specific project covered by the ERDF Funding Agreement. Applicants are therefore encouraged to become familiar with eligibility guidance and, if supporting a business in a grey area, to record a justification for any future audit, based on these criteria.

#### Geographical Criteria

To be eligible for support from the West Midlands ERDF programme, a business must be located within the West Midlands region. The West Midlands region comprises the counties of Shropshire, Staffordshire, Warwickshire and Worcestershire; the unitary authorities of Herefordshire, Stoke-on-Trent and Telford and Wrekin; and the seven metropolitan districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton

In the event that a project assists a business outside an eligible area, on the understanding that the business will relocate into the eligible area as a result of the assistance, and the business subsequently fails to do so, all expenditure relating to that business assist must be removed from the next ERDF claim and the costs deducted from the total eligible cost of the project through a funding agreement variation. Because of this risk, it is strongly advised that such assistance is not given in the first place. Audit of the previous programmes has demonstrated very high levels of failure to comply with the condition within acceptable timescales.

#### Business Size

Eligible businesses will be SMEs in line with the Commission definition.

**SMEs** are defined by Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises not owned or controlled by a non SME. This is a detailed definition, and in cases of doubt the Recommendation should be referred to – it is available on the Europa website at [http://ec.europa.eu/enterprise/enterprise\\_policy/sme\\_definition/index\\_en.htm](http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm)

Very briefly, it defines an SME as follows:

- An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.
- The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 fte persons and which have an

annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

- Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 fte persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
- Within the SME category, a micro enterprise is defined as an enterprise which employs fewer than 10 fte persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

It should be understood that balance sheet assets refer to assets before subtraction of liabilities.

The company must be less than 25% owned or controlled by a non SME. Except that 50% ownership is permitted by universities or non controlling venture capital fund. Subsidiaries of public bodies are not SMEs.

State Aid and other EC regimes must also be respected alongside ERDF rules

## Sectoral Restrictions

Businesses from the following sectors are ineligible for ERDF support. Direct support to these businesses will be deemed ineligible for ERDF support, along with the related proportion of indirect costs.

1. Fishery and aquaculture sectors which are supported through EFF
2. Primary production, processing and marketing of agricultural products, which is supported through EAFRD
3. Steel, coal and ship building sectors (excluded by the General Block Exemption EC 800/2008)
4. The synthetic fibres sector (excluded by the General Block Exemption EC 800/2008). Further explanation of the meaning of synthetic fibres sector can be found below and further information on the European Commission website at <http://ec.europa.eu/enterprise/textile/documents/oj1996c0094en.pdf> - Code on Aid to the Synthetic Fibres Industry (1996, subsequently extended.)
5. The retail sector is generally excluded and this is reflected in DCLG's National Eligibility Guidance. Retail is defined as the provision of goods and/or services to the general public. Provision of services to businesses/SMEs is not considered retail. The provision of local services/ goods may be supported in special circumstances. Applicants are advised to seek further advice if unsure.
6. Establishments providing generalised (school age) education should not be supported as this is a statutory duty on local authorities.

Definitions and further information about the above exclusions:

1. **Fishery and aquaculture** products are defined in Regulation (EC) No 104/2000. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:017:0022:0052:EN:PDF>

2. **Agricultural products** are defined in the General Block Exemption ([http://ec.europa.eu/competition/state\\_aid/reform/gber\\_final\\_en.pdf](http://ec.europa.eu/competition/state_aid/reform/gber_final_en.pdf)) as follows

(a) the products listed in Annex I of the Treaty, except fishery and aquaculture products covered by Regulation (EC) No 104/2000;  
(b) products falling under CN codes 4502, 4503 and 4504 (cork products);  
(c) products intended to imitate or substitute milk and milk products, as referred to in Council Regulation No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)

**“processing of agricultural products”** means any operation on an agricultural product resulting in a product which is also an agricultural product, except on farm activities necessary for preparing an animal or plant product for the first sale;

**“marketing of agricultural products”** means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered as marketing if it takes place in separate premises reserved for that purpose;

The link below is an “annex 1 checker” facility along with instructions on the DEFRA site. DEFRA should be contacted for further information or if further clarification is needed.

<http://www.defra.gov.uk/FARM/policy/state-aid/agristate-aid/agri-products.htm>

3. **Steel sector** is defined in the general block exemption as all activities related to the production of one or more of the following products:

(a) Pig iron and ferro-alloys: pig iron for steelmaking, foundry and other pig iron, spiegeleisen and highcarbon ferro-manganese, not including other ferro-alloys;

(b) Crude and semi finished products of iron, ordinary steel or special steel: liquid steel cast or not cast into ingots, including ingots for forging semi finished products : blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from small and medium-sized foundries;

(c) Hot finished products of iron, ordinary steel or special steel: rails, sleepers, fishplates, soleplates, joists, heavy sections 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;

(d) Cold finished products: tinplate, terneplate, blackplate, galvanized sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and in strip;

(e) Tubes: all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm;

5. **Shipbuilding** is defined in the Framework on State Aid to ship building  
[http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52003XC1230\(01\):EN:NOT](http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52003XC1230(01):EN:NOT)

The shipbuilding sector shall encompass all undertakings engaged in 'shipbuilding', 'ship repair' or 'ship conversion', of 'self-propelled seagoing commercial vessels'. For the purposes of the above, 'self-propelled seagoing vessel' shall mean a vessel that, by means of its permanent propulsion and steering, has all the characteristics of self-navigability on the high seas. Military vessels shall be excluded.

6. **"synthetic fibres sector"** is defined in the general block exemption as:
- (a) extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end uses, or
  - (b) polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used, or
  - (c) any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used.